

**CITY OF JACKSONVILLE
NORTH CAROLINA
COMPREHENSIVE ANNUAL
FINANCIAL REPORT**



**FISCAL YEAR ENDED
JUNE 30, 2009**

City of Jacksonville
North Carolina

**Comprehensive Annual
Financial Report**

For The Fiscal Year Ended June 30, 2009

Prepared by
FINANCE DEPARTMENT

Finance Director
ADAH M. ROBERTS



**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

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CITY OF JACKSONVILLE

City Manager



LETTER OF TRANSMITTAL

October 21, 2009

**Honorable Mayor and Members of the City Council
Jacksonville, North Carolina**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Jacksonville for the fiscal year ended June 30, 2009. The basic financial statements contained herein have been audited by the independent certified public accounting firm of McGladrey & Pullen, LLP, and their unqualified opinion is included in the financial section. This report has been prepared by the City, which is responsible for both the accuracy of the data and the completeness and fairness of the presentation including all disclosures. We believe the data is accurate in all material respects and is shown in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Information related to this single audit is included in the compliance section of this report.

This report encompasses all funds of the City. The City provides a full range of services: police and fire protection, construction and maintenance of streets, community development, planning and zoning, and parks and recreation. The City owns and operates a water and sewer system and also separately accounts for its solid waste and stormwater/water quality systems as business-type activities; therefore, these latter activities are included in the reporting entity.

PROFILE OF THE GOVERNMENT

The City of Jacksonville, incorporated in 1842, is located along the New River in Onslow County. It currently occupies 46.38 square miles and serves a population of 81,873, making Jacksonville the 10th largest city in North Carolina. Jacksonville is the county seat and is home to Marine Corps Base Camp Lejeune and Marine Corps Air Station New River. The City of Jacksonville is empowered to levy a property tax on both real and personal property located within the city limits. It is also empowered by State Statute to extend its corporate limits by annexation, which it has done from time to time.

The City has been governed by the Council-Manager form of government since 1953. Policy-making and legislative authority are vested in a governing council (Council) consisting of a Mayor and six Council members. Two Council members and the Mayor are elected-at-large, and four Council members are elected by district, all for staggered four-year terms. The Mayor and Council make appointments to various boards and commissions. The Council appoints the City Manager and City Attorney. The City Manager serves as Chief Executive Officer and is responsible for enforcement of laws and ordinances, delivery of services, planning and budgetary management.

The Council is required to adopt a final budget by no later than July 1 each year. The budget is prepared by fund and function (e.g., public safety). The City Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000; however, any revisions that exceed \$5,000 at the functional level of the General Fund, Non-Major Governmental Funds, and Enterprise Funds, the fund level for the Capital Project Funds, or that alter total expenditures of any fund, must be approved by City Council.

LOCAL ECONOMY

The major industries located within the City's boundaries or in close proximity are government (military), retail, hotel/food services, education, and healthcare. The FY2009 unemployment rate was 8.8 percent, which was significantly lower than the statewide rate of 11.2 percent and the national rate of 9.7 percent. Although the City experienced the closing of two retail outlets for the Goody's and Circuit City national retail chains, the overall job market was stable.

Marine Corps Base Camp Lejeune and Marine Corps Air Station New River remain the largest single employers in the area. MCB Camp Lejeune occupies 246 square miles, with six Marine commands, two Navy commands, and one Coast Guard command, and provides formal school training for over 53,000 Marines and Sailors annually. The base generates approximately \$3 billion in commerce each year, coming from payrolls and contracts to support the infrastructure required to train and equip both U.S. and allied military forces. MCAS New River is headquarters to the V22 Osprey and provides training for Air Force pilots as well as Marine pilots who will fly the advanced vertical takeoff and landing aircraft.

The military has indicated that the troop population at MCB Camp Lejeune will increase by approximately 11,000 by the year 2011, resulting in an anticipated overall population increase of 20,000 for Jacksonville and the surrounding areas. In order to prepare for this unprecedented growth, a task force has been formed consisting of representatives from each county expected to be impacted by this large increase in population. It is probable that a large portion of the increased population will reside within or near Jacksonville, making it even more imperative that the City explore every option to obtain additional financial resources.

LONG-TERM FINANCIAL PLANNING

The City's Fund Balance Policy recommends that the available fund balance goal be determined as 20 percent of the next year's budget and that the undesignated fund balance goal be determined as 10 percent of the next year's budget or 42 days of expenditures. The available fund balance in the general fund (20.16 percent of the budget for FY2010) exceeds the City's policy. The unreserved, undesignated fund balance in the general fund (10.56 percent of the budget for FY2010) also exceeds the policy guidelines for budgetary and planning purposes.

Many of the City's ongoing projects deal with infrastructure needs due to the City's current and anticipated growth and changes in state regulation:

- **New Water Source and Treatment Plant** – City staff has continued the implementation of a new water supply source and the design and permitting of a new water treatment facility. The initial phases of the project include 20 Castle Hayne wells, land acquisition, transmission mains, a concentrate discharge main, and an initial 4 million gallons per day (MGD) Membrane (Nano) Filtration Water Treatment Facility upgradeable to 8 MGD. The new treatment facility will allow water withdrawal from new sources in order to reduce the City's reliance on water from the Cretaceous Aquifer, as mandated

in the 2002 Capacity Use Regulations. Eight new production wells were completed as of November 2007, and ten additional wells are currently underway with an estimated completion date of October 2009. Construction of the Nanofiltration Water Treatment Plant is also underway and should be completed by November 2009. Also underway is approximately 90,000 linear feet of transmission mains to supply water from the new wells to the Water Treatment Plant. This portion of the project is also expected to be completed in November 2009.

- **Land Treatment Facility Expansion** – Bids were received in May 2008 for the project to upgrade and expand the City's Land Treatment Facility to 9 MGD from the present 6.3 MGD of treatment capacity. The expansion is mandated by the State due to the present facility having reached its 80% design capacity. The expansion will include additional treatment and storage lagoons, additional pumps at the Main and Effluent Pumping Stations, and new irrigation areas. The Notice to Proceed for construction of these improvements was issued to the contractor in August 2008. The work is scheduled to be completed by the end of calendar year 2009.
- **Continuing and Future Recreation and Parks Projects** – Ongoing projects approved in the City's Capital Improvement Program include the development of the Brynn Marr Indoor Facility, Carolina Forest Park, Country Club Park, Richard Ray All American Park, Williamsburg Park and Indoor Complex, Brook Valley and Kerr Street tennis courts, and the Lejeune Boulevard Pedestrian Trail. Future projects include the hiring of a consultant to develop the department's level of service-based Master Plan.
- **Jacksonville Transit System** – The City was successful in securing Federal Transit Administration Section 5307 grant monies to expand the transportation system. On November 1, 2007, the new system, Jacksonville Transit, began operations. Utilizing large 18- and 31-passenger vehicles, the system operates daytime service seven days a week, including Friday, Saturday, and Sunday express service to the area military installations. Through the use of federal and state grants, the City was able to reduce the local share of the annual operating expense by 75% and subsidize the purchase of new vehicles, passenger shelters and benches by as much as 90%. Ridership on Jacksonville Transit has steadily increased, from 1,978 total riders in November 2007 to 4,601 total riders in June 2009.
- **New Public Safety Complex** – In June of 2009 the architectural firm of Gantt and Huberman were selected as the architects for the New Public Safety project. In July of this year meetings began with the architects, Police and Fire Departments to discuss space need configurations. These meetings are ongoing and progressing as planned.
- **NPDES Stormwater Permit** – The City of Jacksonville's NPDES Phase II Permit to Discharge Stormwater became effective on March 1, 2007. The City of Jacksonville is successfully implementing the City's Stormwater Plan as described by the City's NPDES Permit Number NCS000399 and is in compliance with all of the first and second-year terms. The permit details 41 total Best Management Practices (BMPs) for the City to complete by 2012. As of February 2009, the City had begun work on 36 of those BMPs and completed work on 32 BMPs. One BMP required during the second year involved the adoption of a Stormwater Ordinance that codified the City's post-construction stormwater management program to address runoff from new development and redevelopment. This ordinance, which became effective on February 28, 2009, established the City as the permitting authority for new stormwater permits. Along with the Ordinance, a Stormwater Administrative Manual was developed to provide forms, checklist and other information to serve as a guide to those seeking stormwater permits.

MAJOR INITIATIVES

FOR THE YEAR. In addition to day-to-day operations and ongoing major projects, the City faced some new challenges and initiated or completed several major programs:

- **Forestry Management Plan** – The City has continued to implement the Forestry Management Plan for the City's Land Treatment Site. This 10-year plan provides proper planning of timber management that encourages not only good returns on the City's investment in land and timber, but also enhances the primary purpose of the site and improves wildlife habitat, water quality and aesthetics. The land treatment system expansion has caused a suspension of timber harvesting until after completion.
- **Revenue Bonds** – City Council approved the hiring of a Financial Advisor to guide the City through the process of issuing revenue bonds to fund the completion of the Land Application Expansion Project, the Water Treatment Facility and several other smaller Capital Improvement projects. While the issuance process was initiated in FY 2009, the actual closing on \$25 million in new debt was not completed until September of FY 2010.
- **Parkwood Area Stormwater Project** – The Parkwood Estates subdivision has a history of structure, roadway, and yard flooding. The City hired WK Dickson to design improvements to the drainage system to address flooding problems. A large portion of the existing drainage system is located on private property where space is limited by houses, garages, driveways, fences and other structures. Improvements in these areas will be difficult from a construction perspective as well as future maintenance of the drainage system. The selected alternative includes rerouting, where possible, a large portion of the conveyance system to public right-of-way. The design phase has been completed and the City is in the process of obtaining the necessary easements. Construction should be completed in late 2011 or early 2012.
- **Habitat Protection** – The City has continued the innovative program to protect and restore habitat within the City's jurisdiction. The Wilson Bay Initiative has been lauded as a model for others to follow (winner of the Coastal Federation Best Local Government Action). For 40 years, the City had discharged its treated wastewater into the Bay. This discharge along with pollutants from other sources destroyed the aquiculture of the Bay. In the continued efforts to restore habitat, 28 million SAV's (submerged aquatic vegetation) or Ruppia seeds were collected in the summer of 2008 and 2009 from Currituck Sound, processed and planted in Wilson Bay.
- **Applicant Tracking System** – The City completed the installation of a new applicant tracking system. This system enables applicants, as well as managers and supervisors, to access and track the employment process on-line. The system also stores and maintains data required by Federal and State and local Statutes.
- **Fire Department Accreditation** – On August 13, 2008, the Commission on Fire Accreditation International voted unanimously to approve the Jacksonville Fire Department (JFD) as an accredited agency. The accreditation is good for a period of five years, and JFD is one of only eight accredited agencies in North Carolina and 138 accredited agencies in the world.
- **Emergency Service Training Ground** – JFD has constructed a burn building for live fire training, which is substantially complete. The department is also working in conjunction with the Onslow County Fireman's Association and Coastal Carolina Community College to further expand this training facility in the future.

- **Service to the Community** – The Jacksonville Police Department (JPD) consistently reviews police procedure with the organizational goal of improving our effectiveness, efficiency and quality of police services to the community, by making changes when appropriate. Some of the changes include reprioritization of calls for service, mobile technology upgrades, community problem solving; and proactive, non-traditional police responses to calls for service. In order to render assistance to our citizens in an efficient and effective manner the department created a Differential Response Program. Our strategy reduced **Priority one** calls by 82%; response time decreased 1:53 going from 7:03 to 5:50. This reduction provides a quicker and more efficient response time to true emergencies. Also, in an effort to increase the effective manpower levels of the Police Department, the Police Department implemented and staffed two (2) Police Service Officer (PSO) positions. Under general supervision, these civilianized positions are tasked with performing duties performed by sworn police officers. In 2008, the police service officers handled a total of 2,307 calls for service. This equates to a reduction of 2.4% in calls for service for the Uniformed Patrol Division. Presently we are also training our PSO's in areas of basic evidence processing so they can begin to assist in the processing of crime scenes.
- **National Night Out Event** – The Police Department continues to organize and participate in the National Night Out event. This year was the 25th Anniversary of the event and the City of Jacksonville was awarded the National Award recognizing "Outstanding Participation in America's Night Out against Crime" for the second consecutive year. Jacksonville is one of only three cities in North Carolina that received this award in category 3, participation population 50,000 – 99,999.
- **Award of Victims Assistance Grant** – In 2008, the Jacksonville Police Department applied for and received a Victim Assistance through Effective Communication Grant from the Governor's Crime Commission. This two year grant enabled the department to hire a Victim Advocate liaison. This critical position enhances the department's ability to effectively assist crime victims through the processes of the Criminal Justice system. With this added position, we have increased our ability to effectively communicate with a portion of the community that the department has not been able to consistently address before. Since the program's inception in November of 2008, there have been 553 initial contacts and 629 follow-up contacts.
- **Weed and Seed Program** – Our Weed and Seed initiative is in its third year. The Jacksonville Police Department is beginning to realize the benefits of its efforts within the target area. The key component to achieving continued success has been the continual cooperation with federal, state, county and other local law enforcement agencies. In comparison to 2007, there have been increases in certain Part 1 and 2 crimes and decreases in others. The Efforts in the New River and Davis Street Corridor has shown an 8% overall decrease in crimes that the program monitors. As an example this reduction can be seen in the number of drug cases reported. In 2008, there were 37 fewer cases within the New River-Davis Street Corridor. This was a 2% reduction between 2007 and 2008.
- **Police Development, Training, and Accreditation** – The organization continues to further develop its supervisory staff. In 2008, five supervisors attended and successfully completed the Leadership in Police Organizations (LPO) class that was developed by the International Association of Chiefs of Police. In 2008, the first IACP Leadership in Police Organizations class was completed with great success. The class had a total of 28 students attend from different agencies throughout the state. A second class was completed in May through July of 2009, and again completed with great results. Agencies from across the state attended. This agency remains committed to providing quality training to our first and second level supervisors in an effort to enhance their leadership knowledge, skills and abilities. The program is an investment in the Police Department's future.

- **Traffic Awards:** In FY 08-09, the Police Department received an Achievement Award from the Governor's Highway Safety Program (GSHP) for successfully maintaining a 100% reporting rate to the State of North Carolina. This award highlighted the agency's dedication to highway safety and participation in campaign efforts throughout the year. Traffic safe communities are selected by looking at crash statistics, number of law enforcement officers per capita, and presence of a formal traffic safety program and/or existence of a special traffic division. Jacksonville won the award for an Excellent Traffic Safe Community with a city greater than 30,000 for 4 out of the past 5 years including 2004, 2006, 2007 and 2008.

- **Information Technology** – The Information Technology Services (ITS) Department implemented several new software programs and hardware upgrades:
 - **Exchange Email System Upgrade** - The City of Jacksonville has migrated from a 2 Node, Active/Passive, Clustered Exchange 2003 Enterprise Server setup to a new Exchange 2007 Clustered environment. This has increased our security and redundancy for the email system.

 - **Website Hosting and Redesign** – ITS change our website hosting provider and content management system to AgileSite. During this process we worked with AgileSite to redesign the look and functionality of the site. AgileSite worked with City of Jacksonville ITS personnel to identify an appropriate look and feel for our website, create a user-friendly site structure, and provide the features and functionality that are state-of-the-art.

 - **North Carolina Law Enforcement Information Exchange (LInX) System** - The ITS department has been working with Northrop Grumman Corporation and the Naval Criminal Investigative Services (NCIS) to setup the City's portion of the LInX system. LInX is an information-sharing initiative aimed at reinventing the means by which law enforcement agencies across the local/state/federal continuum share criminal threat information. LInX has already produced multiple data warehouses offering an unprecedented degree of information sharing between local, state, and federal law enforcement authorities in five regions of the United States. LInX has given NCIS and its participating partners automated access to more than 13 million law enforcement records, with access to millions more on the way.

 - **Pictometry Project** – The ITS Department contracted with Pictometry to fly oblique images of Jacksonville and Onslow County. Pictometry captures images obliquely, or from an angle, and creates a more natural three-dimensional view so that users can see land features and structures clearly and in their entirety. Users can access detailed imagery for every square foot of a region and learn to navigate quickly and easily between views of a map to images associated with it, and specific features contained within images such as doors, manholes, fences, and fire hydrants. The locational data associate with each pixel makes it possible for users to measure numerous geographic details, such as distance, height, latitude/longitude coordinates, directional bearing and relative positioning.

- **Recreation and Parks Programming** – The Recreation and Parks Department continues to provide all citizens opportunities for physical, mental and social enrichment of life by offering numerous programs and activities:
 - The Programming Centers Division offered four, two-week sessions of Summer Day Camp, with activities such as games, crafts, tours, swimming, bowling, and skating for children ages 6-12 and teens ages 13-15. Approximately 1,100 participants were enrolled in the camps offered from July 2008-June 2009 at the City's various Recreation Centers.

- The Athletic Division offered several camps such as baseball, soccer, basketball, volleyball, tennis, softball, golf, cheerleading and football camps to area youth between 7-17 years of age. Approximately 350 participants were enrolled in these camps. Athletics operated youth baseball/softball leagues and adult softball leagues with over 2,000 participants. In addition, youth and adult basketball leagues were operated with more than 500 players participating.
 - The Seniors Division had over 530 participants enrolled in the many activities offered throughout the year. The division offered activities such as Line Dancing, Ball Room Dancing, Special Interest trips, and fitness classes.
 - The Special Events Programming Division offered five unique adventure camp programs for ages 7-15. A total of 99 children participated in the various camps, which focused on outdoor skill development, games, and visits to places of historical and educational interest. Four children were able to participate through the Campership program. The Arts & Crafts Program offered six specialty camps for ages 3-12. A total of 101 children participated in various camps, which focused on arts and crafts projects around the central theme of the camp. More than 150 people attended classes such as Tae Kwon Do, Zumba, Boot Camp, Dance and Stroller Striders.
- **Solid Waste Program** – The City of Jacksonville has completed the third year of curbside refuse collection which was implemented in July 2006. The general public has accepted the progress this change represented and has become more familiar with set out limits for yard waste and bulky waste. This has enabled the Sanitation Division to deliver prompt, cost-effective service to customers.
- In July of 2009, the City began the process of converting the refuse collection routes to automated collection service in an effort to better control cost and efficiency of service. This process will take time and the Sanitation Division is monitoring the program's success.
- **Recycling Program** – During FY2009, municipal crews collected 1,557 tons of recycleable material, an increase of 130 tons over FY2008 collection. Participation by residential customers is approximately 42-43%. Since the City took over recycling collection from the commercial contractor in January of 2006, municipal crews have collected over 4,108 tons of recycleable materials. This represents a savings for FY 2009 of \$70,065 in landfill disposal fees.
- **Jacksonville Commons Phase II** – In July 2004, the City of Jacksonville received a grant from the Parks and Recreation Trust Fund (PARTF) for the Jacksonville Commons Phase II project. The park maintenance facility, All-American playground, outdoor basketball court, picnic shelter, and tennis courts have been completed. The lighting for the tennis courts, the Skateboard Park, and the softball fields were completed by the end of June 2009.

FINANCIAL INFORMATION

The financial statements and notes included in this report present the financial position and operations of governmental activities, business-type activities and fiduciary activities of the City. The accompanying Management's Discussion and Analysis provides a narrative overview of the City's financial performance for the fiscal year ended June 30, 2009. During the year, the City continued its sound current and long-range policies for financial management.

Internal Control Structure. Management of the City is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or

misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

As a recipient of federal and state awards, the City is also responsible for ensuring that an adequate internal control system is in place to ensure compliance with applicable laws and regulations related to those programs. The internal control system is evaluated periodically by management and the Finance Department staff to achieve these objectives.

As a part of the City's single audit, tests are made to determine the adequacy of internal control, including that portion related to federal and state award programs, as well as to determine that the government has complied with applicable laws and regulations. The results of the government's single audit for the fiscal year ended June 30, 2009, provided no instances of material weakness in internal control and no material instances of noncompliance with applicable laws and regulations.

Independent Audit. General Statute 159-34 requires an annual audit by a certified public accountant. The independent certified public accounting firm of McGladrey & Pullen, LLP, was selected by the City Council to provide this service. In addition to meeting statutory requirements, the audit also complies with the Single Audit Act, the US Office of Management and Budget Circular A-133, and North Carolina General Statute 159-34 (Single Audit Implementation Act). The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the Financial Section of this report. The auditors' reports on internal controls and compliance with applicable laws and regulations are included in the Compliance Section.

Investment Management. Effective forecasting of cash requirements and aggressive investment of cash balances, including daily investment of bank balances, has allowed the maximum use of all available cash resources. The rate of return on the City's investment performance exceeds the average yield rates of 0.44 percent for US Treasury bills in 2009. For the year ended June 30, 2009, the City realized investment earnings of \$552,595, for an average yield of 1.89 percent.

The City's investment policy, guided by General Statute 159-30, minimizes credit and market risks while maintaining a competitive yield on its portfolio. For additional information on cash and investments, see the notes to the financial statements.

Risk Management. The primary objectives of the Risk Management Program are to:

- Identify potential exposures to loss,
- Evaluate the frequency and severity of losses,
- Reduce or eliminate risks or losses through established procedures and practices, and
- Determine the most efficient use of financial resources to satisfy losses.

For additional information on the City's risk management program, see the notes to the financial statements.

OTHER INFORMATION

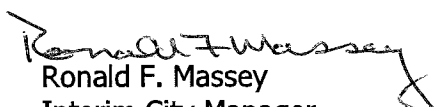
Award. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jacksonville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

Acknowledgments. The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department, various department heads and employees who assisted and contributed to its preparation, and our independent auditors, McGladrey & Pullen, LLP. Each of them has our sincere thanks.

In closing, without the resources and support furnished by the Mayor and City Council, preparation of this report would not have been possible.

Sincerely,


Ronald F. Massey
Interim City Manager


Adah M. Roberts
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jacksonville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. R. R.", is positioned above the title "President".

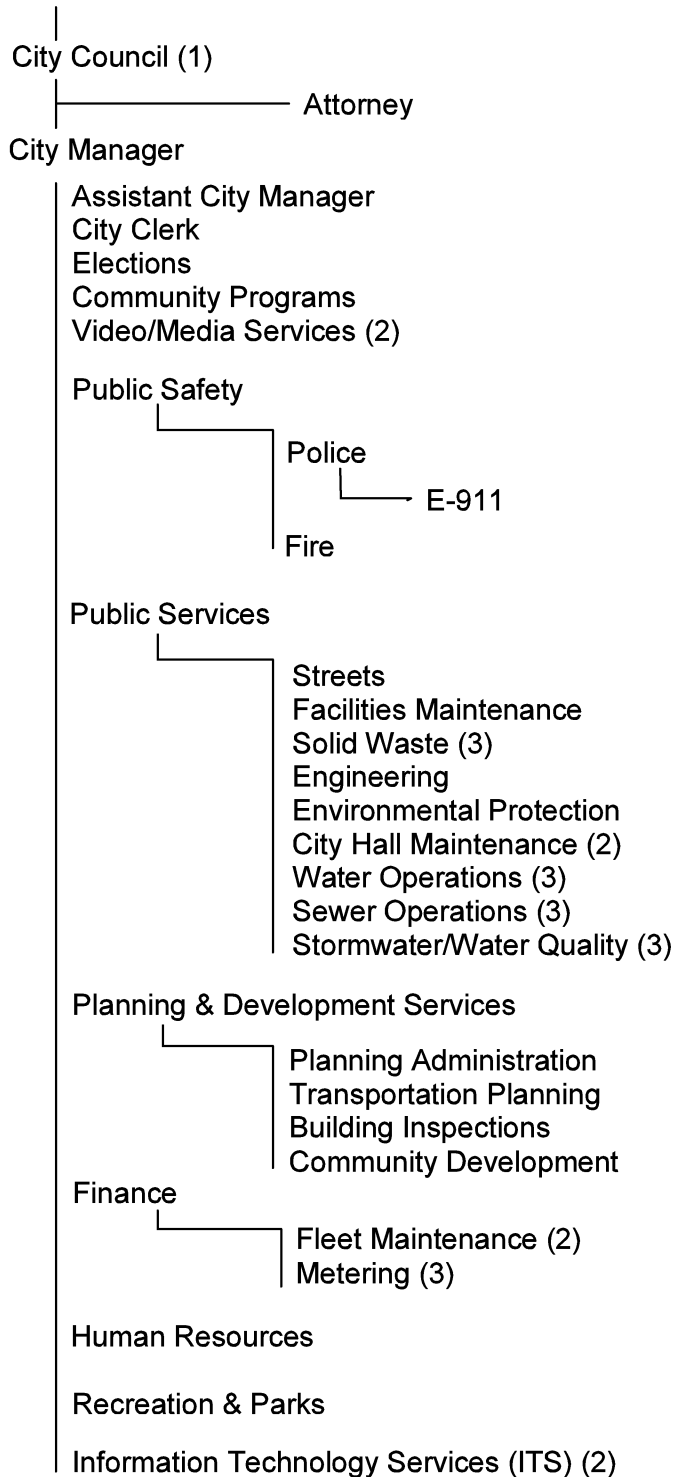
President

A handwritten signature in black ink, reading "Jeffrey R. Emer", is positioned above the title "Executive Director".

Executive Director

City of Jacksonville Organizational Chart

Citizens of Jacksonville



Legend:

- (1) Elected Officials
- (2) Internal Service Fund
- (3) Enterprise Fund

**City of Jacksonville
List of Principal Officials
June 30, 2009**

Title	Name
Mayor	Sammy Phillips
Mayor, Pro-tem	Michael Lazzara
Council Member	Fannie Coleman
Council Member	Reva Sullivan
Council Member	Randy Thomas
Council Member	Alva Williams
Council Member	Jerome Willingham
Interim City Manager	Ronald F. Massey
Assistant City Manager	(vacant)
Attorney	John T. Carter
City Clerk	Carmen K. Miracle
Finance Director	Adah M. Roberts
Fire Chief	Rick McIntyre
Human Resources Director	William Ratliff
Information Technology Services	Earl Bunting
Planning & Development Services	Reggie Goodson
Police Chief	Mike Yaniero
Public Services Director	Grant Sparks
Recreation Director	Timothy Chesnutt

FINANCIAL SECTION

- * Report of Independent Auditors
- * Management's Discussion and Analysis
- * Basic Financial Statements
- * Notes to the Financial Statements
- * Required Supplemental Financial Data
- * Combining and Individual Fund and Account Group - Statements and Schedules
- * Additional Financial Data



McGladrey & Pullen

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Jacksonville
Jacksonville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jacksonville, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise City of Jacksonville's basic financial statements as listed in the table of contents. These basic financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Jacksonville, North Carolina as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions and the Other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions on pages 17 through 33 and 90 through 93 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jacksonville's basic financial statements. The introductory section, combining and individual fund financial statements and schedules and statistical section, as well as the Schedule of Expenditures of Federal and State Awards (in the compliance section) as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements of City of Jacksonville, North Carolina. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal and State Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical section of the Comprehensive Annual Financial Report have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 21, 2009

**City of Jacksonville, North Carolina
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2009**

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the City of Jacksonville's (City) annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2009. Please read it in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

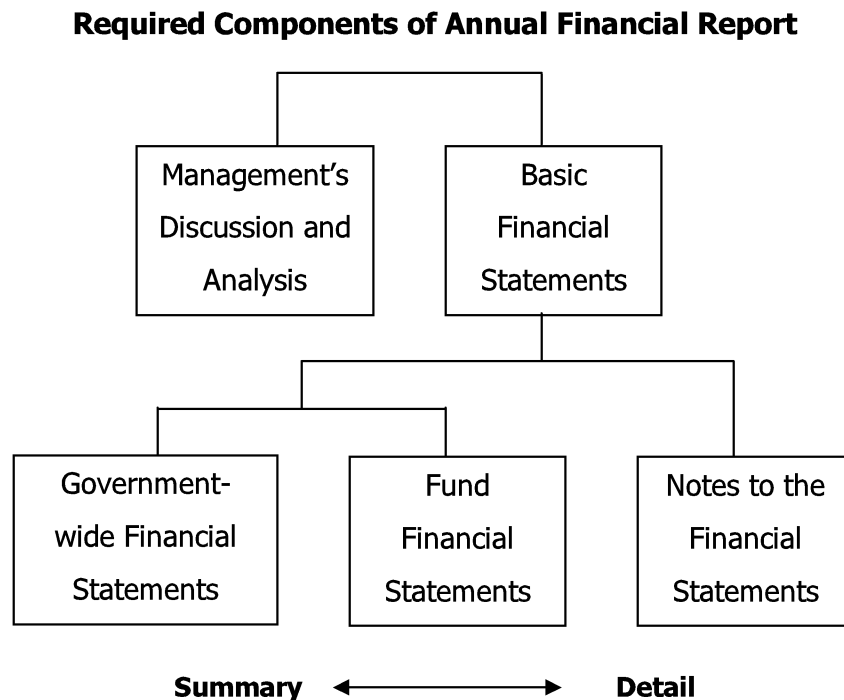
- The overall financial position of the City improved in 2009 as evidenced by an increase in total net assets of \$14.1 million.
- The assets of the City exceeded its liabilities at the close of the fiscal year by \$136.3 million (net assets). Of this amount, \$17.7 million (unrestricted net assets) can be used to meet the City's ongoing obligations to its citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$28.2 million, an increase of \$1.0 million in comparison with the prior year. Approximately 13.2 percent of this total amount or \$3.7 million is available for spending at the government's discretion (unreserved and undesignated fund balance).
- At the end of the current fiscal year, unreserved/undesignated fund balance for the General Fund was \$3.8 million, or 10.73 percent, of the budget for fiscal year 2010. This slightly exceeds the City Council's goal of 10 percent.
- The City's total long-term debt increased by \$16.9 million (38.34%) during the current fiscal year. This was due to State Revolving Loans for the water and sewer systems.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements.

In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the City's financial condition.

The diagram below shows how the required components of this annual report are arranged and relate to one another.



Basic Financial Statements

The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status. The remaining statements are fund financial statements that focus on the activities of the individual parts of the City government, reporting the City's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending. A budgetary comparison statement has been provided for the General Fund to demonstrate budgetary compliance.
- Proprietary funds statements offer short- and long-term financial information about the activities the City operates like businesses, such as the water and sewer system.
- The Fiduciary fund statements reflect the financial relationship with the Special Separation Allowance Pension Trust Fund, which provides benefits exclusively for City law enforcement employees.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data, and are followed by the required supplemental financial data on the Law Enforcement Officers' Special Separation Allowance. In addition to

these required elements, a section is included with combining statements that provide details about non-major governmental funds, non-major proprietary funds and internal service funds, each of which are totaled and presented in a single column in the basic financial statements. This section also includes detailed budgetary information required by North Carolina General Statutes. The remainder of this overview section explains the structure and contents of the government-wide and fund financial statements.

Government-wide Financial Statements

The government-wide statements report short and long-term information about the City as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Assets includes all of the government's assets and liabilities except fiduciary funds. The Statement of Activities accounts for all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the City's net assets and how they have changed. Net assets, the difference between assets and liabilities, are one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are one indicator of whether financial health is improving or deteriorating. Other non-financial factors such as changes in the City's property tax base and the condition of the City's roads must be considered to assess the overall health of the City.

The City's government-wide financial statements are divided into two categories:

- Governmental activities - Most of the City's basic services are included here, such as public safety, community planning and development, and streets. Property, sales, and other taxes, and grants and contributions finance most of these activities.
- Business-type activities - The City charges fees to customers to cover the costs of certain services provided. The City's water and sewer system, solid waste system, and stormwater/water quality system are included here.

The government-wide financial statements are included as Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's individual funds, not the City as a whole. Funds are accounting groups that the City uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State Statutes. Other funds are established to control and manage resources that are restricted or designated for specific purposes.

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on (1) the flow in and out of cash and other financial assets that can readily be converted to cash and (2) the balances left at year-end that are available for spending. These funds are reported using the modified accrual accounting basis and a current financial resources measurement focus. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the financial resources available in the near future to finance the City's programs. The relationship between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that follows the governmental fund financial statements. Governmental funds financial statements are included as Exhibits C, D and E of this report.

The City adopts an annual budget for the General Fund, as required by State Statutes. A budgetary comparison statement is presented for the General Fund using the City's budgetary basis of accounting. This statement reflects the following: (a) the original budget, (b) the final budget as amended, (c) actual revenues/expenditures, and (d) the variance between the final budget and the actuals. Because the City's budgetary basis of accounting does not differ from the modified accrual basis used in the funds statements, a reconciliation is not necessary at the end of the statement.

- Proprietary funds – Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. The City has two types of proprietary funds. Enterprise Funds are the same as the business-type activities (shown in the Government-wide Statements), but provide more detail and additional information, such as cash flows. Internal Service Funds are used to report activities that provide supplies and services for the City's other programs and activities. These internal service activities predominately benefit governmental rather than business-type activities; therefore, they have been included with governmental activities in the government-wide financial statements. Proprietary funds financial statements are included as Exhibits F, G and H of this report.
- Fiduciary fund - The City is the trustee, or fiduciary, for the Law Enforcement Officers' Special Separation Allowance Pension Trust Fund. It is responsible for ensuring that the assets reported in this fund are used for their intended purposes. This fiduciary activity is reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. This fund is excluded from the City's government-wide financial statements, because the City cannot use these assets to finance its operations. Fiduciary fund financial statements are included as Exhibits I and J of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 51 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City's progress in funding its obligation to provide benefits under the Law Enforcement Officers' Special Separation Allowance and Other Postemployment Benefits. Required supplementary information can be found on Exhibits K-L and M-N, respectively.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the City, assets exceeded liabilities by \$136.3 million at the close of the most recent fiscal year. A summary of the City's net assets at June 30, 2009 and 2008 is presented below:

The City of Jacksonville's Net Assets (in Millions)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 35.43	\$ 34.97	\$ 0.55	\$ 8.83	\$ 35.98	\$ 43.80
Capital assets	51.46	45.16	123.18	87.00	174.64	132.16
Total assets	86.89	80.13	123.73	95.83	210.62	175.96
Current and other liabilities	3.95	3.91	7.62	4.03	11.57	7.94
Noncurrent liabilities	9.24	9.98	53.48	35.79	62.72	45.77
Total liabilities	13.19	13.89	61.10	39.82	74.29	53.71
Net assets:						
Invested in capital assets, net of related debt	44.30	40.05	70.67	53.96	114.97	94.01
Restricted	3.68	3.11	-	-	3.68	3.11
Unrestricted	25.72	23.08	(8.04)	2.05	17.68	25.13
Total net assets	\$ 73.70	\$ 66.24	\$ 62.63	\$ 56.01	\$ 136.33	\$ 122.25

Government-wide net assets increased by \$14.1 million for the fiscal year ended June 30, 2009. The largest portion (84.3%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

An additional portion of the City's net assets (2.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$17.7 million (13.0%) is unrestricted net assets and may be used to support operations and provide for payment of long-term debt.

At the end of the current fiscal year, the City is able to report positive balances for the government as a whole. The business-type activities had a negative unrestricted net asset balance due to the advanced funding for the new water plant and the sewer treatment facility expansion. The issuance in September 2009 of \$25 million in revenue bonds will restore the fund balance in FY 2010.

Net assets of the Governmental Activities increased \$7.5 million, or 11.3%, to \$73.7 million. However, \$48.0 million of these net assets either are restricted as to the purposes for which they can be used or are invested in capital assets (e.g. land, buildings, machinery, and equipment buildings, roads, etc.). Unrestricted net assets of \$25.7 million increased almost \$2.7 million from the previous year. The increase in net assets was mainly due to the increase in capital assets combined with a decrease in related debt. Investments in capital assets, net of related debt increased \$4.2 million and restricted net assets increased \$.6 million.

The net assets of the Business-Type activities had an increase of \$6.6 million, or 11.8%, to \$62.6 million. These net assets will be used to finance the operations and expansion of the water, sewer, solid waste and storm water/water quality operations. The Unrestricted Net Assets of \$(8.0) million decreased \$10.1 million from the previous year. The decrease was mainly due to significant capital asset acquisition not financed from debt sources.

Changes in net assets. The table on the following page presents the City's changes in net assets for the fiscal years ended June 30, 2009 and 2008.

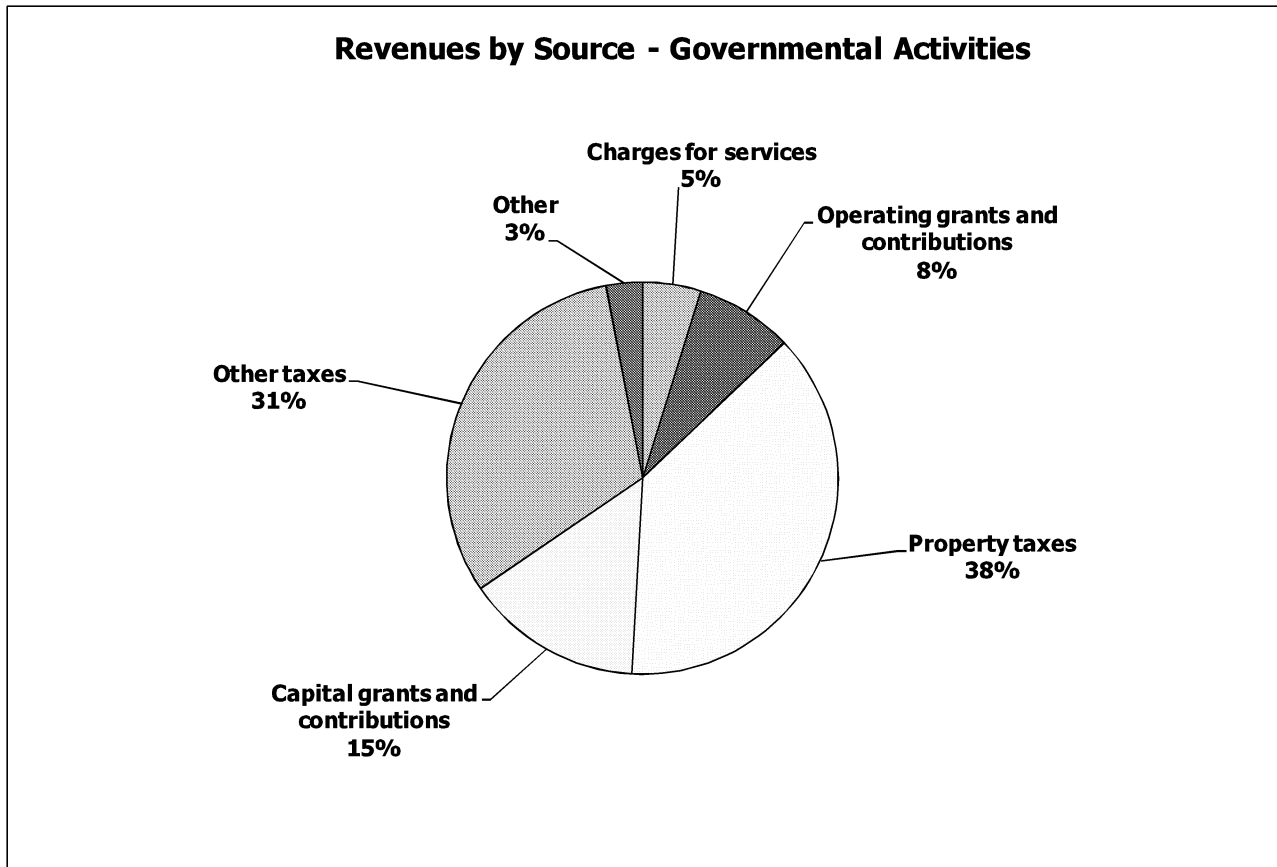
**City of Jacksonville's Changes in Net Assets
(in Millions)**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 2.20	\$ 2.04	\$ 24.22	\$ 20.68	\$ 26.42	\$ 22.72
Operating grants and contributions	3.69	3.82	-	-	3.69	3.82
Capital grants and contributions	6.68	1.27	2.00	0.34	8.68	1.61
General revenues:						
Property taxes	17.40	16.56	-	-	17.40	16.56
Other taxes	14.43	11.67	-	-	14.43	11.67
Grants and contributions not restricted to specific programs	-	0.42	-	-	-	0.42
Other	1.37	1.81	0.19	0.36	1.56	2.17
Total revenues	45.77	37.59	26.41	21.38	72.18	58.97
Expenses:						
General government	5.52	5.37	-	-	5.52	5.37
Public works	5.79	5.28	-	-	5.79	5.28
Public safety	18.04	16.61	-	-	18.04	16.61
Economic and physical development	0.85	0.75	-	-	0.85	0.75
Culture and recreation	4.13	3.57	-	-	4.13	3.57
Interest on long-term debt	0.31	0.36	-	-	0.31	0.36
Water and sewer	-	-	17.05	15.62	17.05	15.62
Solid waste	-	-	4.76	4.64	4.76	4.64
Stormwater/Water Quality	-	-	1.65	1.54	1.65	1.54
Total expenses	34.64	31.94	23.46	21.80	58.10	53.74
Increase (decrease) in net assets before transfers	11.13	5.65	2.95	(0.42)	14.08	5.23
Transfers	(3.67)	(3.38)	3.67	3.38	-	-
Change in net assets	7.46	2.27	6.62	2.96	14.08	5.23
Net assets, July 1	66.24	63.97	56.01	53.05	122.25	117.02
Net assets, June 30	\$ 73.70	\$ 66.24	\$ 62.63	\$ 56.01	\$ 136.33	\$ 122.25

Total government-wide revenues of \$72.2 million were primarily derived from charges for services (33.6%) in the business activities, property taxes (24.1%) and other taxes (20.0%). Property tax revenues increased 5.0 percent from the prior year due to better collection. Other taxes increased 23.6% due to increased sales and business license fees, despite the national economy. Capital grants and contributions rose from \$1.6 million to \$8.7 million, an increase of 439%!

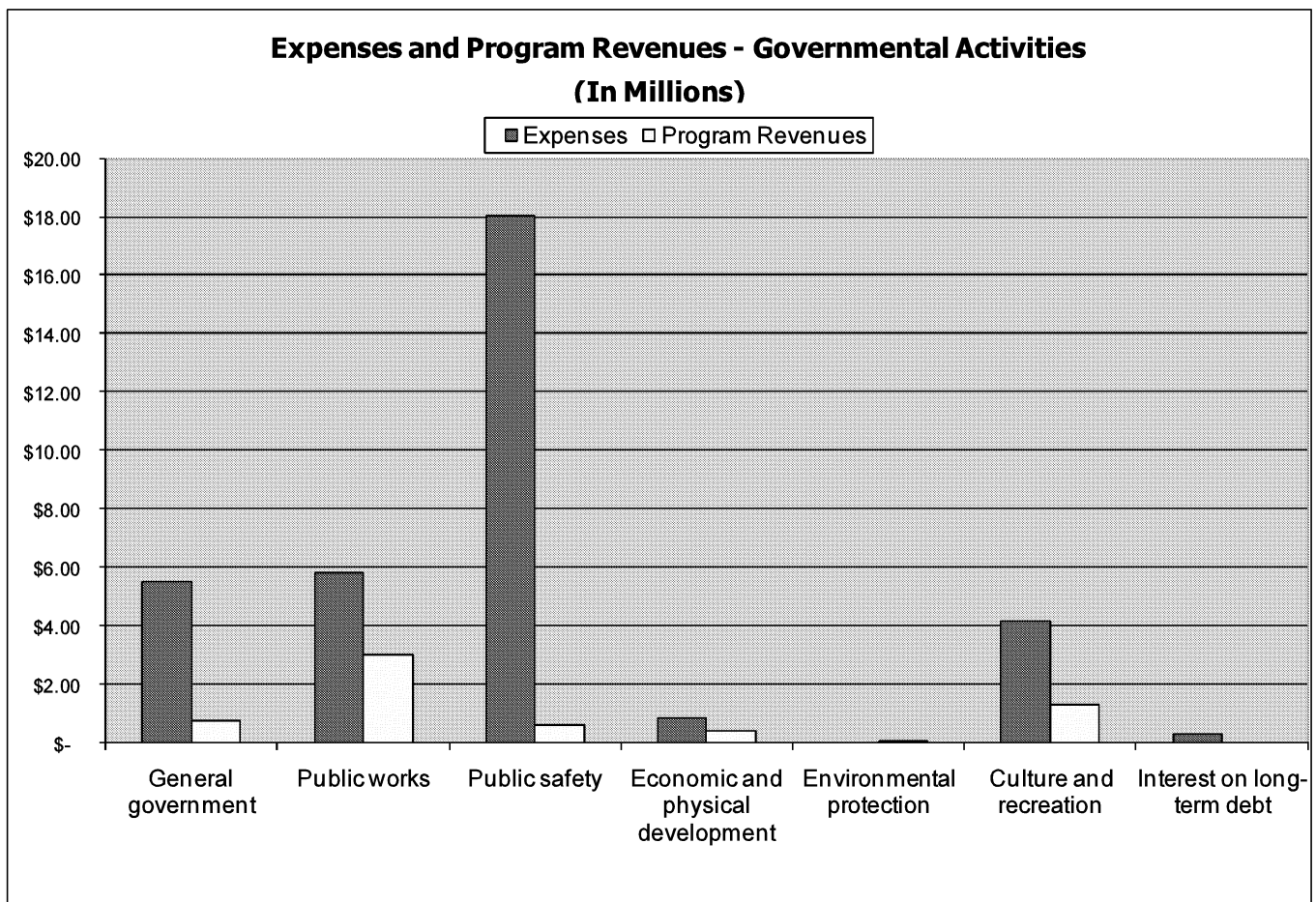
The total expenses of all programs were \$58.1 million. The expenses cover a range of services with the two largest being public safety (fire and police) and water and sewer, which account for 31.1 percent and 29.4 percent of total expenses, respectively. Both programs increased expenses over the prior year due to salary increases for Cost of Living Adjustment (COLA), market adjustments, and merit increases.

Governmental Activities



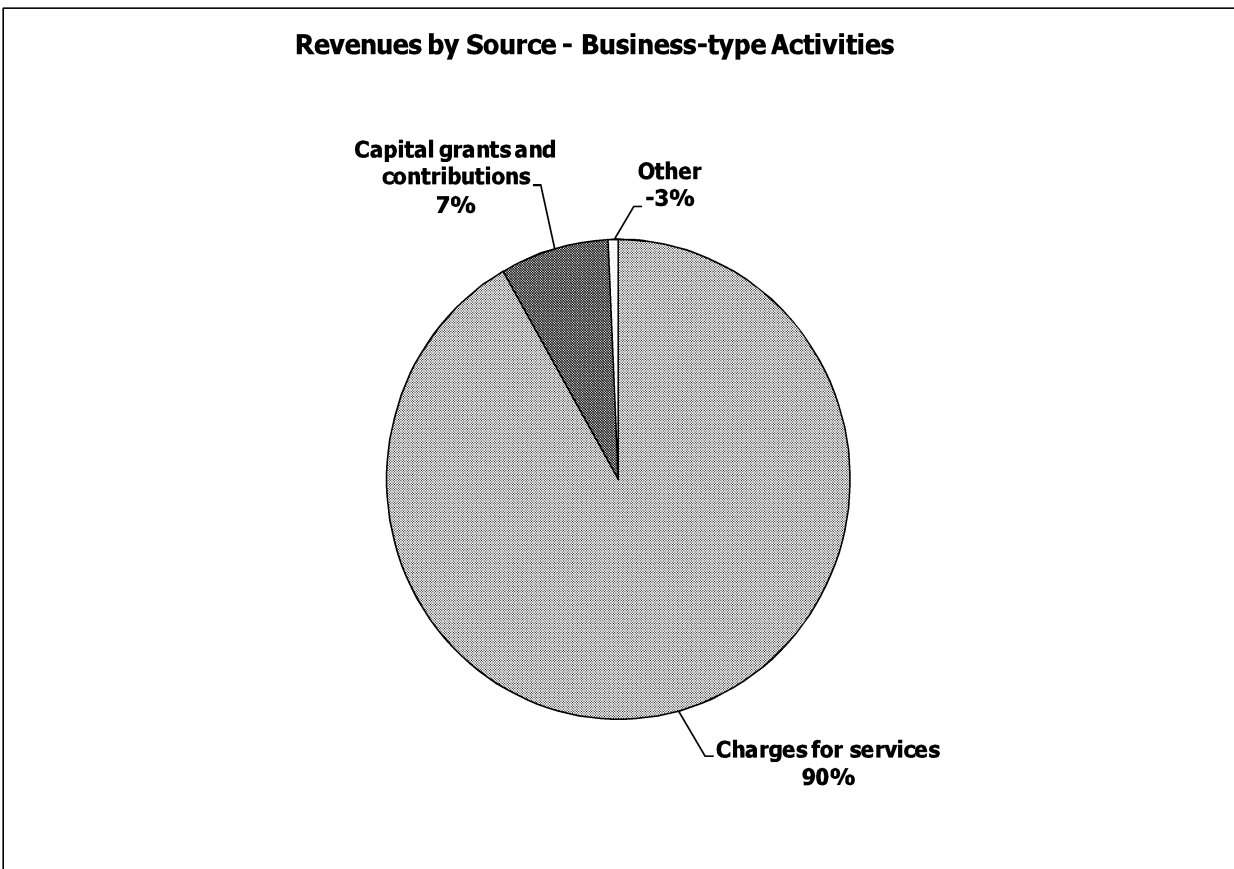
Governmental expenses of \$34.6 million cover a range of services with the largest continuing to be public safety for 52.1 percent in the current year. Public safety expenses increased 8.6 percent over the prior year due mainly to increases in employee compensation and benefits.

The chart below highlights the net cost (total cost less fees generated by the activities and operating grants and contributions) of the City's governmental programs - mainly public safety, general government and public works. The net cost shows the financial support provided by taxes and other general revenue sources not restricted to specific programs.



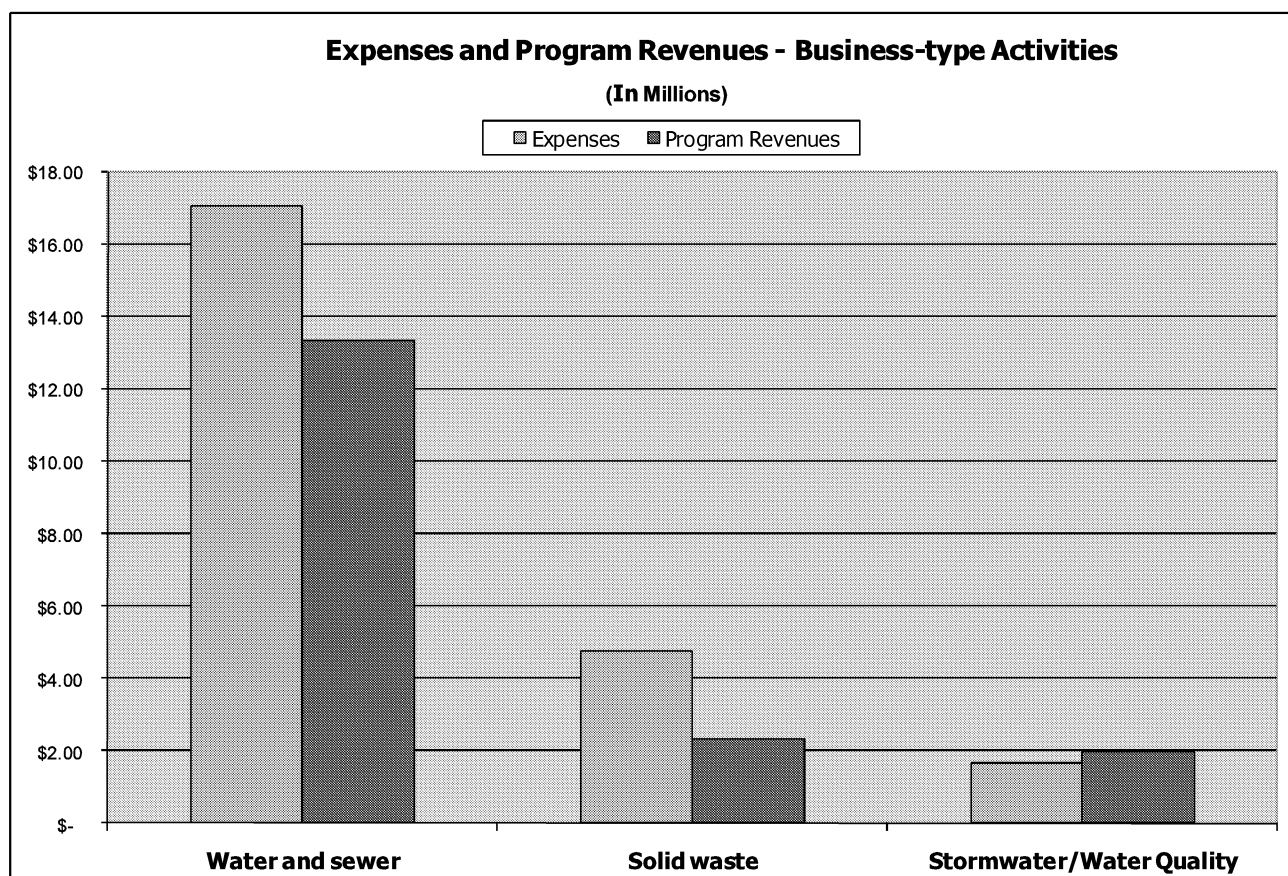
The total cost of governmental services of \$34.6 million was supported by \$2.2 million in fees, fines and charges from those who directly benefited from the programs. The increase in fees, fines and charges of 7.8 percent from the prior year related mainly to increased inspection fees. Another \$3.7 million was provided by other governments and organizations for specific programs. This decreased 3.4 percent due to decreases in grants for the following programs: FEMA Fire Fighters Assistance, Powell Bill, water access, transportation enhancement, planning, and the bus system.

Business-type Activities



Revenues from the business-type activities were \$26.2 million, an increase of 24.7% from the prior year. This was primarily due to an increase of \$3.5 million (17.1%) in charges for services and resulted mainly from an increase in the user fees to fund the construction of the new water plant and the expansion of the land application site.

The chart below highlights the net cost of the City's business-type programs.



Total expenditures for Business-type Activities were \$23.5 million, up \$1.7 million from the prior year. The largest increase in expenses came from the Water and Sewer Fund with an increase of \$1.4 million (9.2%). This was mainly due to higher expenses for salaries and professional services and increased expenses for interest on long-term debt.

The Solid Waste Fund ended 2009 with an increase in net assets of \$0.8 million due to the transfer exceeding the operating loss. Revenues and expenses remained fairly constant compared to the prior year.

The Stormwater/Water Quality Fund had an increase in net assets of \$0.3 million attributable to a corresponding decrease in current liabilities. Expenses increased by slightly more than \$0.1 million, while revenues remained stable. The \$0.4 million change in net assets from a year ago was thus reduced to the \$0.3 million realized for FY 2009.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. At June 30, 2009 the governmental funds reported a combined fund balance of \$28.2 million, an increase of \$1.0 million or 3.7 percent from last year. This amount consists of the following:

- (a) \$ 5.1 million reserved or designated for major capital projects,
- | | |
|------------------------|---------------------|
| Major Capital Projects | <u>\$ 5,051,009</u> |
|------------------------|---------------------|

- (b) \$ 8.6 million reserved or designated for specific programs,

Non-major governmental:

Special Revenue	\$ 2,027,749
Capital Reserve	1,378,279
Grantor	1,179,187
Drug Enforcement	147,677
Powell Bill	2,655,692
Installment purchase	568,380
Compensating balance	625,000
Reserved for inventories	9,734
Reserved for prepaid items	<u>5,976</u>
	<u>\$ 8,597,674</u>

- (c) \$10.8 million designated and,

Reserved:

State Statute General Fund	\$ 6,294,959
Encumbrances General Fund	940,238

Encumbrances Non-Major Governmental:

Special Revenue	94,073
-----------------	--------

Unreserved:

Designated for Subsequent Year's Expenditure-General Fund	<u>3,487,709</u>
	<u>\$ 10,816,979</u>

- (d) \$3.7 million unreserved, undesignated.

General Fund	\$ 3,835,622
Special Revenue	<u>(128,430)</u>
	<u>\$ 3,707,192</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$3.8 million, while total fund balance reached \$15.99 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to budgeted total fund expenditures for the next fiscal year. Unreserved, undesignated fund balance represents 10.6 percent of fiscal year 2010 budgeted total General Fund expenditures, while total fund balance represents 44.0 percent of that same amount.

The fund balance of the General Fund increased by \$0.7 million during the current fiscal year. The key factor in this growth was an increase in property tax collections, sales tax and license fees.

The major capital projects fund has a total fund balance of \$5.1 million, which is reserved for future capital projects. The net increase of \$0.6 million from the prior year is due primarily to a greater decrease in total liabilities of \$2.3 million, than the decrease in total assets of \$1.7 million.

The non-major funds have a total fund balance of \$7.1 million, all of which is reserved for specific programs and streets-related capital projects. The net change was less than \$0.3 million, due to offsetting changes in revenues, expenditures and other financing sources.

Proprietary funds. Proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets at the end of the year amount to \$(11.6) million in the Water and Sewer fund, \$2.5 million in the Solid Waste fund and \$1.1 million in the non-major enterprise fund (Stormwater/Water Quality fund). The changes in total net assets for the funds were \$5.5 million, \$0.8 million and \$0.3 million, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgetary Highlights

During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increase in appropriations that become necessary to maintain services. There was a \$1.7 million decrease in appropriated expenditures between the original and final amended budget. The decrease was in the debt service budget, where both principal and interest were reduced.

Transfers in fell from \$2.4 million in the original budget to \$0.8 million in the final budget. The original budget allowed for debt payments on the public safety building for which there was a transfer in to cover the expense. Delays in the start of the project resulted in a reversal of the budgeted debt service payments and the transfer in associated with that project.

General Fund revenues exceeded budget amounts by 4.1% while the City's total expenditures for the year were 12.9% less than the budget. General Fund revenues and other sources were more than expenditures and other uses by \$0.7 million contributing to an increase in fund balance. The Appropriated Fund Balance in the final budget was \$4.9 million, however, it should be noted that none was used, due to the constraint departments exercised when requested to do so.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the City had \$174.6 million (net of accumulated depreciation) in capital assets consisting primarily of buildings, improvements other than buildings and infrastructure. This amount represents a net increase of \$42.5 million, or 32.1% over last year. The summary of capital assets at June 30, 2009 and 2008 is presented below:

City of Jacksonville Capital Assets (net of depreciation) (in Millions)						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 1.99	\$ 1.99	\$ 0.18	\$ 0.17	\$ 2.17	\$ 2.16
Buildings	10.98	9.22	31.12	34.26	42.10	43.48
Improvements other than buildings	6.96	7.36	25.23	24.79	32.19	32.15
Equipment	0.87	1.20	1.36	1.85	2.23	3.05
Heavy equipment	0.17	0.02	0.15	0.21	0.32	0.23
Vehicles	2.14	1.95	1.11	0.93	3.25	2.88
Infrastructure	23.61	18.02	0.51	-	24.12	18.02
Construction in progress	4.74	5.40	63.52	24.79	68.26	30.19
Total	\$ 51.46	\$ 45.16	\$ 123.18	\$ 87.00	\$ 174.64	\$ 132.16

This year's major capital asset additions included:

• Donated water and sewer systems	\$ 2.00 million
• Donated Streets	\$ 6.30 million
• Construction in progress – Water Distribution	\$ 21.93 million
• Wastewater treatment and sewage collection	\$ 0.55 million
• Construction in progress – Sewer collection	\$ 16.80 million
• Governmental building and infrastructure	\$ 1.36 million
• Construction in progress – Governmental	\$ 1.99 million

At June 30, 2009 authorized and unexpended capital projects totaled \$102.8 million. The City plans to issue additional debt to finance these projects in addition to using resources currently available. The authorized and unexpended capital projects are as follows:

• Governmental	\$ 50.80 million
• Water and Sewer	\$ 48.30 million
• Stormwater	\$ 3.60 million
• Internal Service (ITS)	\$ 0.10 million

More detailed information about the City's capital assets is presented in Note 5 to the financial statements.

Long-term Debt

At June 30, 2009, the City had \$60.9 million of debt outstanding in installment purchases and revolving loans to the State of North Carolina. This was an increase of \$16.88 million, or 38.4 percent, over last year. Details by type of debt are presented below:

City of Jacksonville Outstanding Debt (in Millions)

	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Installment Purchases	\$ 7.73	\$ 8.54	\$ 17.01	\$ 19.66	\$ 24.74	\$ 28.20
Loans	-	-	36.15	15.81	36.15	15.81
Total	\$ 7.73	\$ 8.54	\$ 53.16	\$ 35.47	\$ 60.89	\$ 44.01

New debt for 2009 resulted from installment purchases and loans for:

Water/Sewer Improvements	\$ 21,725,677
Vehicles & Equipment	
General Fund	1,117,453
Solid Waste	400,798
Water/Sewer	235,353
Stormwater	161,006
Streets	272,542
	<u>\$ 23,912,829</u>

The City's sound financial condition is evidenced by a rating issued by the North Carolina Municipal Council said to be equivalent to an A2 bond rating from Moody's Investors Service and an A rating from Fitch Ratings Services. This is a primary factor in keeping interest costs low on the City's outstanding debt.

North Carolina General Statutes limit the amount of general obligation debt that the City can issue to 8 percent of the total appraised value of taxable property. The legal debt margin for the City at June 30, 2009 was \$212.5 million.

More detailed information about the City's long-term obligations is presented in Note 10 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic indicators impact the City's budget outlook:

- During fiscal year 2009, 56 nonresidential and 200 residential units were constructed with a value of \$59.1 million compared to \$81.6 million for 2008.
- Retail sales during 2009 were \$.97 billion compared to \$.93 billion for 2008, a 4.5 percent increase. The sales and use tax collections during 2009 were \$42.9 million compared to \$39.5 million in 2008, an 8.5 percent increase.
- The June 2009 unemployment rate was 8.8 percent compared to 11.0 percent for the state and 9.7 percent for the nation.

In April 2009 the Onslow County Board of Commissioners changed the distribution of sales tax to 40% per capita and 60% ad valorem. In July the Commissioners raised the County tax rate by 8.7 cents per \$100 of assessed value. Jacksonville will see increased revenues from sales taxes beginning in July 2009. Property tax revenue changes affecting the sales tax distribution will not take effect until the 2010 fiscal year.

For the current fiscal year the City appropriated \$4.99 million for spending in the 2009 fiscal year budget. A strong, concerted effort was made by management to limit expenditures to

revenues actually received. As noted earlier, none of the fund balance had to be used. For FY 2010 \$3.5 million has been designated from the 2009 General Fund unreserved fund balance to balance revenues and expenditures anticipated for the budget year.

The following are highlights for the 2010 budgets for the business-type activities:

- The City has an active water conservation program to include the distribution of free water conservation kits for residents. To further this effort the City implemented incremental volumetric water and sewer rates to encourage water conservation. During FY 2009 the City contracted to have a water and sewer rate study done and a model constructed by a private contractor. Both the Water and Sewer Advisory Board and the City Council agreed to continue a rate structure with incremental increases for higher volume users and an average 8.5% rate increase for those above 2,000 gallons per month. The impact fees were also raised in incremental steps over the next two years to reach a comparable level with surrounding municipalities.
- The City also contracted a Financial Advisor to guide the issuance of \$25 million in revenue bonds to secure funding for the land application expansion for the treatment of sewage and the force main relocation to the Buddy Phillips bridge. The same company that did the rate study also performed a feasibility study for the water sewer system. The bonds were issued by private placement on September 10, 2009.
- The City will pursue issuing approximately \$20 million more in revenue bonds to complete funding for the new water treatment plant and various smaller capital projects.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability. Questions concerning this report or requests for additional financial information should be directed to the City of Jacksonville's Finance Department, 815 New Bridge Street, P.O. Box 128, Jacksonville, NC 28541-0128.



BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide a summary overview of the financial position of the government as a whole as well as the operating results of all funds. They also serve as a condensed introduction to the more detailed statements and schedules that follow.



City of Jacksonville, North Carolina
Statement of Net Assets
June 30, 2009

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 16,590,921	\$ 748,168	\$ 17,339,089
Restricted cash and cash equivalents	5,599,177	451,940	6,051,117
Receivables:			
Taxes (net)	1,589,362	-	1,589,362
Accrued interest on taxes (net)	277,558	-	277,558
Accounts receivable (net)	5,838,015	2,507,894	8,345,909
Notes receivable	1,865,708	-	1,865,708
Inventories	68,753	427,382	496,135
Prepaid items	6,276	-	6,276
Internal balances	3,590,100	(3,590,100)	-
Capital assets:			
Land	1,989,884	181,968	2,171,852
Buildings and other structures	20,272,773	70,714,726	90,987,499
Improvements other than buildings	9,037,788	55,685,804	64,723,592
Equipment	9,577,204	4,779,298	14,356,502
Heavy equipment	520,591	798,295	1,318,886
Vehicles	8,003,457	3,763,342	11,766,799
Infrastructure	36,221,966	548,156	36,770,122
Construction in progress	4,737,627	63,521,262	68,258,889
Less accumulated depreciation	(38,898,811)	(76,809,138)	(115,707,949)
Total Assets	86,888,349	123,728,997	210,617,346
Liabilities			
Accounts payable and accrued liabilities	3,375,625	6,925,027	10,300,652
Due to Fiduciary Fund	87	-	87
Customer deposits	196,061	551,985	748,046
Unearned revenue	372,541	144,003	516,544
Noncurrent liabilities:			
Due within one year	2,580,465	7,250,858	9,831,323
Due in more than one year	6,662,174	46,223,388	52,885,562
Total Liabilities	13,186,953	61,095,261	74,282,214
Net Assets			
Invested in capital assets, net of related debt	44,298,070	70,678,265	114,976,335
Restricted:			
Public Works	2,655,692	-	2,655,692
Public Safety	1,023,718	-	1,023,718
Unrestricted	25,723,916	(8,044,529)	17,679,387
Total Net Assets	\$ 73,701,396	\$ 62,633,736	\$ 136,335,132

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Activities
For the Year Ended June 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 5,517,241	\$ 901,203	\$ 6,110	\$ -
Public works	5,786,244	724,790	2,711,832	6,571,044
Public safety	18,040,904	137,236	631,225	-
Economic and physical development	851,295	-	341,241	-
Cultural and recreational	4,129,539	440,391	2,405	106,430
Interest on long-term debt	311,838	-	-	-
Total governmental activities	34,637,061	2,203,620	3,692,813	6,677,474
Business-type Activities:				
Water and sewer	17,052,896	19,585,091	-	1,997,949
Solid waste	4,757,063	2,594,445	-	-
Stormwater/Water Quality	1,653,473	2,041,550	-	-
Total business-type activities	23,463,432	24,221,086	-	1,997,949
Total primary government	\$ 58,100,493	\$ 26,424,706	\$ 3,692,813	\$ 8,675,423

General revenues:

Taxes:

Property taxes, levied for general purpose

Other taxes:

Sales tax

E-911 surcharge

Utility Franchise tax

Beer and Wine tax

Gross receipts tax on short term
vehicle leases

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets-beginning

Net assets-ending

The accompanying notes are an integral part of the financial statements.

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (4,609,928)	\$ -	\$ (4,609,928)
4,221,422	-	4,221,422
(17,272,443)	-	(17,272,443)
(510,054)	-	(510,054)
(3,580,313)	-	(3,580,313)
(311,838)	-	(311,838)
<u>(22,063,154)</u>	<u>-</u>	<u>(22,063,154)</u>
-	4,530,144	4,530,144
-	(2,162,618)	(2,162,618)
-	388,077	388,077
-	2,755,603	2,755,603
<u>(22,063,154)</u>	<u>2,755,603</u>	<u>(19,307,551)</u>
17,395,985	-	17,395,985
10,707,904	-	10,707,904
420,799	-	420,799
2,897,192	-	2,897,192
290,968	-	290,968
114,171	-	114,171
435,342	111,166	546,508
931,473	80,359	1,011,832
<u>(3,672,744)</u>	<u>3,672,744</u>	<u>-</u>
<u>29,521,090</u>	<u>3,864,269</u>	<u>33,385,359</u>
7,457,936	6,619,872	14,077,808
66,243,460	56,013,864	122,257,324
<u>\$ 73,701,396</u>	<u>\$ 62,633,736</u>	<u>\$ 136,335,132</u>

City of Jacksonville, North Carolina
Balance Sheet - Governmental Funds
June 30, 2009

	Major			
	General	Capital Projects	Total Non-Major Funds	Total
Assets				
Cash and cash equivalents	\$ 10,143,603	\$ 2,630,304	\$ 2,497,222	\$ 15,271,129
Restricted cash and cash equivalents	1,617,186	-	3,981,991	5,599,177
Taxes receivable (net)	1,589,362	-	-	1,589,362
Accounts receivable (net)	5,445,253	98,560	271,357	5,815,170
Interfund receivable	887,621	2,681,000	-	3,568,621
Inventories	9,734	-	-	9,734
Prepaid items	5,976	-	-	5,976
Notes receivable	-	-	1,865,708	1,865,708
Total assets	\$ 19,698,735	\$ 5,409,864	\$ 8,616,278	\$ 33,724,877
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,394,673	\$ 327,559	\$ 1,434,027	\$ 3,156,259
Due to other funds	87	-	-	87
Interfund payable	119,186	31,296	52,075	202,557
Customer deposits	196,061	-	-	196,061
Deferred revenues	1,624,518	-	-	1,624,518
Unearned revenues	372,541	-	-	372,541
Total liabilities	3,707,066	358,855	1,486,102	5,552,023
Fund balances:				
Reserved by state statute	6,294,959	-	-	6,294,959
Reserved by grantor	-	-	1,179,187	1,179,187
Reserved for compensating balance	625,000	-	-	625,000
Reserved for encumbrances	940,238	503,122	94,073	1,537,433
Reserved for inventories	9,734	-	-	9,734
Reserved for installment purchase	568,380	-	-	568,380
Reserved for Powell Bill	219,458	-	2,436,234	2,655,692
Reserved for prepaid items	5,976	-	-	5,976
Reserved for drug enforcement	4,593	-	143,084	147,677
Unreserved:				
Designated for subsequent year's expenditures:				
General Fund	3,487,709	-	-	3,487,709
Special Revenue Fund	-	-	2,027,749	2,027,749
Capital Projects Fund	-	4,547,887	-	4,547,887
Capital Reserve Fund	-	-	1,378,279	1,378,279
Unreserved, undesignated reported in:				
General Fund	3,835,622	-	-	3,835,622
Special Revenue Fund	-	-	(128,430)	(128,430)
Total fund balances	15,991,669	5,051,009	7,130,176	28,172,854
Total liabilities and fund balances	\$ 19,698,735	\$ 5,409,864	\$ 8,616,278	\$ 33,724,877

The accompanying notes are an integral part of the financial statements.

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
June 30, 2009

Total fund balances for governmental funds	\$ 28,172,854
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	51,462,479
Adjustment for assets attributable to internal service funds	(304,980)
Other long-term assets are not available to pay for current-period expenditures and therefore are:	
Deferred Revenue	1,624,518
Accrued interest on Property Taxes - Statement of Net Assets	277,558
Internal service funds are used to charge the costs of Technology, Janitorial and Fleet Maintenance costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets	1,560,312
Current liabilities that do not require use of current financial resources are not reported in the funds	(83,000)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds	(9,242,639)
Adjustment for internal service funds installment purchases and compensated absences	234,294
Total net assets of governmental activities	<u><u>\$ 73,701,396</u></u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	Major		Total Non-Major Funds	Total
	General	Capital Projects		
Revenues:				
Ad valorem taxes	\$ 17,099,462	\$ -	\$ -	\$ 17,099,462
Other taxes and licenses	11,629,313	-	-	11,629,313
Unrestricted intergovernmental revenues	3,324,395	-	-	3,324,395
Restricted intergovernmental revenues	2,310,840	105,802	2,070,345	4,486,987
Permits and fees	880,573	-	-	880,573
Sales and services	529,362	-	-	529,362
Investment earnings	317,100	17,201	99,782	434,083
Miscellaneous	214,128	-	583,789	797,917
Total revenues	36,305,173	123,003	2,753,916	39,182,092
Expenditures:				
Current:				
General Government	4,252,328	71,781	676,354	5,000,463
Public Works	4,175,162	4,672	670,821	4,850,655
Public Safety	15,359,672	1,129,664	799,156	17,288,492
Cultural and Recreational	3,147,022	748,327	-	3,895,349
Economic and Physical Development	-	-	840,428	840,428
Capital outlay	971,330	-	342,621	1,313,951
Non-capitalized expenditures	-	446,984	-	446,984
Debt service:				
Principal retirement	2,019,770	-	-	2,019,770
Interest and fees	311,838	-	-	311,838
Total expenditures	30,237,122	2,401,428	3,329,380	35,967,930
Revenues over (under) expenditures	6,068,051	(2,278,425)	(575,464)	3,214,162
Other financing sources (uses):				
Debt issued	1,389,995	-	-	1,389,995
Sales of capital assets	55,347	-	-	55,347
Transfers in	718,221	3,140,718	2,504,409	6,363,348
Transfers (out)	(7,494,492)	(299,489)	(2,226,035)	(10,020,016)
Total other financing sources (uses)	(5,330,929)	2,841,229	278,374	(2,211,326)
Net change in fund balances	737,122	562,804	(297,090)	1,002,836
Fund balances:				
Beginning of year, July 1	15,254,547	4,488,205	7,427,266	27,170,018
End of year, June 30	\$ 15,991,669	\$ 5,051,009	\$ 7,130,176	\$ 28,172,854

The accompanying notes are an integral part of the financial statements.

Continued on next page.

City of Jacksonville, North Carolina
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Net change in fund balances - total governmental funds \$ 1,002,836

The changes in net assets reported for governmental activities
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities the cost of those assets is
allocated over their estimated useful lives and reported as
depreciation expense:

Increase in purchased Capital Assets net of decrease in construction in progress	10,399,989
Adjustment for increases attributable to Internal Service Funds	(134,665)
Less Assets transferred from Business-type Activities	-
Depreciation Expense	(4,076,889)
Adjustment for expense attributable to Internal Service Funds	281,038

The net effect of various miscellaneous transactions involving
capital assets (i.e., sales and donations) is to increase net assets:

Gain(Loss) on the Sale of Capital Assets	49,863
Proceeds from the Sale of Capital Assets	(64,000)

Revenues in the statement of activities that do not provide current
financial resources are not reported as revenue in the funds.

(Decrease) in Beer & Wine Tax	(56,620)
Increase in Deferred Property Tax Revenue	254,594
Increase in Accrued Interest on Taxes	41,929
Increase in Investment Interest	1,259

The issuance of long-term liabilities (e.g., installment purchases)
provides current financial resources to governmental funds, while the
repayment of the principal of long-term liabilities consumes the current
financial resources of governmental funds. Neither transaction has
any effect on net assets in the government-wide statements. This
amount is the net effect of these differences in the treatment of
long-term liabilities:

Additions to Long-Term Liabilities	(2,249,680)
Adjustment for additions attributable to Internal Service Funds	7,579
Retirements of Long-Term Liabilities	2,907,485
Adjustment for retirements attributable to Internal Service Funds	(179,070)

Internal service funds are used to charge the costs of technology,
janitorial, and fleet maintenance costs to individual funds. The net
revenue of certain activities of the internal service funds are
reported with the governmental activities

(727,712)

Changes in net assets of governmental activities	<u><u>\$ 7,457,936</u></u>
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The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
General Fund Annually Budgeted Major Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2009

	Budget - Original	Budget - Final	Actual	Variance Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 16,924,789	\$ 16,924,789	\$ 17,099,462	\$ 174,673
Other taxes and licenses	10,878,310	10,878,310	11,629,313	751,003
Unrestricted intergovernmental revenues	2,779,985	2,779,985	3,324,395	544,410
Restricted intergovernmental revenues	2,555,072	2,470,812	2,310,840	(159,972)
Permits and fees	744,200	782,108	880,573	98,465
Sales and services	475,046	475,046	529,362	54,316
Investment earnings	420,000	420,000	317,100	(102,900)
Miscellaneous	98,541	150,542	214,128	63,586
Total revenues	<u>34,875,943</u>	<u>34,881,592</u>	<u>36,305,173</u>	<u>1,423,581</u>
Expenditures:				
Current:				
General Government	5,656,005	5,735,991	4,268,984	1,467,007
Public Works	5,450,881	5,285,104	4,454,840	830,264
Public Safety	17,753,949	17,786,038	16,034,668	1,751,370
Cultural and Recreational	3,390,173	3,586,476	3,147,022	439,454
Debt service:				
Principal retirement	2,908,913	2,256,577	2,019,770	236,807
Interest and fees	1,286,143	78,119	311,838	(233,719)
Total expenditures	<u>36,446,064</u>	<u>34,728,305</u>	<u>30,237,122</u>	<u>4,491,183</u>
Revenues over (under) expenditures	<u>(1,570,121)</u>	<u>153,287</u>	<u>6,068,051</u>	<u>5,914,764</u>
Other financing sources (uses):				
Debt issued	1,389,995	1,389,995	1,389,995	-
Appropriated fund balance	5,011,631	4,939,883	-	(4,939,883)
Sales of general capital assets	205,000	205,000	55,347	(149,653)
Transfers in	2,446,210	809,423	718,221	(91,202)
Transfers (out)	(7,482,715)	(7,497,588)	(7,494,492)	3,096
Total other financing sources (uses)	<u>1,570,121</u>	<u>(153,287)</u>	<u>(5,330,929)</u>	<u>(5,177,642)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>737,122</u>	<u>\$ 737,122</u>
Fund balances:				
Beginning of year, July 1			<u>15,254,547</u>	
End of year, June 30			<u>\$ 15,991,669</u>	

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Net Assets
June 30, 2009

	Enterprise Funds				Internal Service Funds
	Water and Sewer Fund	Solid Waste Funds	Non-Major Enterprise Funds	Total	
Assets					
Current Assets:					
Cash and cash equivalents	\$ 534,833	\$ 146,463	\$ 66,872	\$ 748,168	\$ 1,319,792
Accounts receivable (net)	2,228,429	170,629	108,836	2,507,894	22,845
Inventories	427,382	-	-	427,382	59,019
Interfund receivables	2,850	2,794,578	976,658	3,774,086	224,036
Prepaid Items	-	-	-	-	300
Total Current Assets	3,193,494	3,111,670	1,152,366	7,457,530	1,625,992
Noncurrent Assets:					
Restricted cash and cash equivalents	10,145	280,444	161,351	451,940	-
Land and other non-depreciable assets	63,703,230	-	-	63,703,230	-
Other capital assets, net of depreciation	57,975,789	688,285	816,409	59,480,483	304,980
Total Noncurrent Assets	121,689,164	968,729	977,760	123,635,653	304,980
Total Assets	124,882,658	4,080,399	2,130,126	131,093,183	1,930,972
Liabilities					
Current Liabilities:					
Accounts payable and accrued liabilities	6,640,408	257,317	27,292	6,925,017	136,366
Compensated absences payable - current	95,173	5,916	3,786	104,875	-
Interfund payable	7,302,728	48,301	13,157	7,364,186	-
Installment purchases payable - current	2,996,460	380,271	104,645	3,481,376	-
Loans payable - current	3,664,607	-	-	3,664,607	113,349
Total Current Liabilities	20,699,376	691,805	148,880	21,540,061	249,715
Noncurrent Liabilities:					
Compensated absences payable - noncurrent	83,850	73,738	39,759	197,347	111,617
Unearned revenue	144,003	-	-	144,003	-
Customer deposits	551,985	-	-	551,985	-
Other postemployment benefits	4,388	4,388	-	8,776	-
Installment purchases payable - noncurrent	12,722,460	565,843	240,086	13,528,389	-
Loans payable - noncurrent	32,488,886	-	-	32,488,886	9,328
Total Noncurrent Liabilities	45,995,572	643,969	279,845	46,919,386	120,945
Total Liabilities	66,694,948	1,335,774	428,725	68,459,447	370,660
Net Assets					
Invested in capital assets, net of related debt	69,816,751	228,485	633,029	70,678,265	182,303
Unrestricted	(11,629,041)	2,516,140	1,068,372	(8,044,529)	1,378,009
Total Net Assets	\$ 58,187,710	\$ 2,744,625	\$ 1,701,401	\$ 62,633,736	\$ 1,560,312

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Proprietary Funds
Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds			
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Internal Service Funds
Operating revenues:				
Charges for services	\$ 19,585,091	\$ 2,594,445	\$ 2,041,550	\$ 3,719,623
Miscellaneous	-	-	-	94,653
Total operating revenues	19,585,091	2,594,445	2,041,550	3,814,276
Operating expenses:				
Solid Waste Fund	-	4,519,978	-	-
Water Quality	-	-	1,521,753	-
Water/Sewer Operations	5,839,949	-	-	-
Water Supply	1,090,315	-	-	-
Wastewater Treatment	1,700,490	-	-	-
Non-capitalized expenses - projects	1,626,593	-	-	-
Fleet Maintenance Operations	-	-	-	1,741,429
City Hall Maintenance Operations	-	-	-	212,021
Information Technology Services	-	-	-	2,056,092
Video/Media Services	-	-	-	256,788
Depreciation	5,802,292	203,616	120,141	281,038
Total operating expenses	16,059,639	4,723,594	1,641,894	4,547,368
Operating income (loss)	3,525,452	(2,129,149)	399,656	(733,092)
Nonoperating revenues (expenses):				
Investment earnings	73,060	29,703	8,403	24,816
Assessments collected	1,294	-	-	-
Interest collected on assessments	1,507	-	-	-
Gain on sale of capital assets	25,779	20,278	8,206	2,926
Restricted revenue	-	23,295	-	-
Internal transfer of assets	-	-	-	-
Interest on long-term debt	(993,257)	(33,469)	(11,579)	(6,286)
Total nonoperating revenues (expenses)	(891,617)	39,807	5,030	21,456
Income (loss) before capital contributions and transfers	2,633,835	(2,089,342)	404,686	(711,636)
Capital contributions:				
Developer contributions	1,997,949	-	-	-
Total capital contributions	1,997,949	-	-	-
Income (loss) before transfers	4,631,784	(2,089,342)	404,686	(711,636)
Transfers:				
Transfers in	830,001	2,917,828	-	-
Transfers (out)	-	-	(75,085)	(16,076)
Total transfers	830,001	2,917,828	(75,085)	(16,076)
Change in Net Assets	5,461,785	828,486	329,601	(727,712)
Net Assets:				
Beginning of year, July 1	52,725,925	1,916,139	1,371,800	2,288,024
End of year, June 30	\$ 58,187,710	\$ 2,744,625	\$ 1,701,401	\$ 1,560,312

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds				
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities:					
Cash received from customers	\$ 19,439,729	\$ 2,606,895	\$ 2,052,959	\$ 24,099,583	\$ -
Cash receipts from interfund services provided (used)	-	-	-	-	3,836,611
Cash payments for interfund services provided (used)	-	-	-	-	(4,207,491)
Cash paid for goods and services	(1,836,867)	(2,726,508)	(487,021)	(5,050,396)	-
Cash paid to employees	(4,733,441)	(1,728,529)	(1,039,837)	(7,501,807)	-
Customer deposits	50,356	-	-	50,356	-
Net cash provided (used) by operating activities	12,919,777	(1,848,142)	526,101	11,597,736	(370,880)
Cash flows from noncapital financing activities:					
Transfers in	830,001	2,917,828	-	3,747,829	-
Transfers (out)	-	-	(75,085)	(75,085)	(16,076)
Advances from other funds	6,284,056	(22,289)	(300,495)	5,961,272	(81,084)
Advances (to) other funds	(1,159)	(2,793,461)	(687,064)	(3,481,684)	64,987
Restricted Intergovernmental	-	23,295	-	23,295	-
Net cash provided (used) by noncapital related financing activities	7,112,898	125,373	(1,062,644)	6,175,627	(32,173)
Cash flows from capital and related financing activities:					
Principal paid on long-term debt	(4,393,488)	(355,053)	(89,123)	(4,837,664)	(179,070)
Interest paid on long-term debt	(993,257)	(33,469)	(11,579)	(1,038,305)	(6,286)
Debt issued	21,961,030	400,798	161,005	22,522,833	-
Purchase of capital assets	(39,754,461)	(363,886)	(195,020)	(40,313,367)	(134,665)
Proceeds from sale of capital assets	26,743	20,278	8,206	55,227	10,781
Assessments collected	1,294	-	-	1,294	-
Interest collected on assessments	1,507	-	-	1,507	-
Net cash (used) by capital and related financing activities	(23,150,632)	(331,332)	(126,511)	(23,608,475)	(309,240)
Cash flows from investing activities:					
Investment earnings	73,060	29,703	8,403	111,166	24,816
Net cash provided by investing activities	73,060	29,703	8,403	111,166	24,816
Net (decrease) in cash and cash equivalents	(3,044,897)	(2,024,398)	(654,651)	(5,723,946)	(687,477)
Cash and cash equivalents, July 1	3,589,875	2,451,305	882,874	6,924,054	2,007,269
Cash and cash equivalents, June 30	\$ 544,978	\$ 426,907	\$ 228,223	\$ 1,200,108	\$ 1,319,792

	Enterprise Funds	Internal Service Funds
Reconciliation to Exhibit F—		
Cash and cash equivalents	\$ 748,168	\$ 1,319,792
Restricted cash and cash equivalents	451,940	-
	<u>\$ 1,200,108</u>	<u>\$ 1,319,792</u>

Continued on next page.

City of Jacksonville, North Carolina
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2009

	Enterprise Funds			Total	Internal Service Funds
	Water and Sewer Fund	Solid Waste Fund	Non-Major Enterprise Funds		
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:					
Operating income (loss)	\$ 3,525,452	\$(2,129,149)	\$ 399,656	\$ 1,795,959	\$ (733,092)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	5,802,292	203,616	120,141	6,126,049	281,038
Bad debt expense	54,860	2,908	2,593	60,361	-
Change in assets and liabilities:					
Increase (decrease) in accrued compensated absences	(16,564)	5,916	3,786	(6,862)	7,579
(Increase) decrease in prepaid expenses	603	-	-	603	779
Increase (decrease) in accounts payable and accrued liabilities	3,504,710	56,117	(11,484)	3,549,343	34,240
(Increase) decrease in accounts receivable	(145,804)	12,450	11,409	(121,945)	22,335
(Increase) decrease in inventories	143,430	-	-	143,430	16,241
Increase (decrease) in deferred revenues	442	-	-	442	-
Increase (decrease) in customer deposits	50,356	-	-	50,356	-
Total adjustments	9,394,325	281,007	126,445	9,801,777	362,212
Net cash provided (used) by operating activities	<u>\$12,919,777</u>	<u>\$(1,848,142)</u>	<u>\$ 526,101</u>	<u>\$ 11,597,736</u>	<u>\$ (370,880)</u>
Noncash investing, capital, and financing activities:					
Capital contributed by developer	<u>\$ 1,997,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,997,949</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Fiduciary Net Assets
Fiduciary Fund
June 30, 2009

	Special Separation Allowance Pension Trust
Assets	
Cash	\$ 57,809
Investments at face value -	
Commercial paper	270,000
Interest receivable	588
Interfund receivable	87
Total Assets	<u>328,484</u>
Liabilities	
Accounts payable	<u>5,392</u>
Total Liabilities	<u>5,392</u>
Net Assets	
Assets held in trust for pension benefits	<u>323,092</u>
Total Net Assets	<u><u>\$ 323,092</u></u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2009

	Special Separation Allowance Pension Trust Fund
Additions:	
Employer contributions	\$ 157,387
Interest	6,087
Total additions	<u>163,474</u>
Deductions:	
Benefits	<u>199,831</u>
Total deductions	<u>199,831</u>
Net decrease	(36,357)
Net assets reserved for employees' pension benefit:	
Beginning of year	<u>359,449</u>
End of year	<u><u>\$ 323,092</u></u>

The accompanying notes are an integral part of the financial statements.

City of Jacksonville, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 1. Summary of Significant Accounting Policies

The financial statements of City of Jacksonville have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Jacksonville is a municipal corporation governed by an elected Mayor and a six-member Council. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

B. Basis of Presentation

Government-wide and Fund Financial Statements

The Government-wide Financial Statements (i.e. the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the proprietary functions and various other functions of the government. Governmental activities, which normally are supported by taxes, intergovernmental revenue and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable to a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly classified as program revenues are reported as general revenues.

Separate Fund Financial Statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds and major individual proprietary funds are reported in separate columns in the Fund Financial Statements. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenditures or expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements and summarized below by fund types: governmental, proprietary, and fiduciary.

Governmental Funds are used to account for the City's general governmental activities. The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state-shared revenues. The primary expenditures are for public safety, parks and recreation, streets and highways, and general government services.

Capital Projects Fund – Although the Capital Projects Fund does not meet the criteria for a major fund, it is being treated as major this year to be consistent with prior years. The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or fiduciary funds). The City has 30 Capital Projects within the Major Capital Projects Fund: Rails to Trails, City Hall Expansion, Sturgeon City, Sturgeon City Park, Police Remodeling, NC24 Culvert Trail, Marine Corps Museum, Wilson Bay Initiative, Downtown Redevelopment, Vietnam Veterans Memorial, Civic Facility, Youth Center, Fire Training Facility, Traffic Signal Preemption, Demolition, Country Club Park, Richard Ray All America Park, Jacksonville Commons Phase II, Sturgeon City Boardwalk II, West Gum Branch Fire Station, Indoor Facility Brynn Marr, Police/Fire Facility, Carolina Forest Park, Youth Center Phase II, FEMA Firefighter's Assistance, Sturgeon City Boardwalk III, Firing Range Improvements, Kerr Street Tennis Courts, Public/Private Partnership, and Buddy Phillips Bridge Improvements.

Proprietary Funds include the following major funds:

Water and Sewer Fund - The Water and Sewer Fund accounts for the water and sewer activities of the City. The Water Capital Projects Fund, the Sewer Capital Projects Fund and the Water/Sewer Capital Reserve Fund are consolidated with the Water and Sewer Fund (the operating fund) for financial reporting purposes.

Solid Waste Fund - Although the Solid Waste Fund does not meet the criteria for a major fund, it is being treated as major this year to be consistent with prior years. The Solid Waste Fund accounts for the solid waste collection activities of the City.

Additionally, the government reports the following fund types:

Internal Service Funds - The Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, on a cost-reimbursement basis. The City of Jacksonville has four Internal Service Funds: the Fleet Maintenance Fund, the City Hall Maintenance Fund, the Information Technology Services Fund, and the Video/Media Services Fund. The Information Technology Services Capital Project Fund is consolidated with the Information Technology Services Fund for financial reporting purposes. The Internal Service Funds are accounted for in the governmental activities in the government-wide financial statements and individual fund data is provided in the Internal Service Funds Section of the report.

Fiduciary Funds account for the assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Fiduciary Funds include the following fund:

Pension Trust Fund - Fiduciary fund types are custodial in nature and do not involve measurement of the City's operations. The City has a Pension Trust Fund, the Special Separation Allowance Fund, that accounts for the Law Enforcement Officers' Special Separation Allowance, a single-employer, public employee retirement system.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund Financial Statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the individual programs are used as guidance. Property taxes are recognized as revenues in the year for which they are levied.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except property taxes. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Compensated absences and principal and interest on long-term debt are recorded as fund liabilities: 1) when due, and 2) for payments made early in the following year. General capital asset acquisitions are reported as expenditures in governmental funds. General long-term debt issues are reported as other financing sources. Depreciation of capital assets is not recognized as an expenditure.

The City generally considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem property tax receivable is not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of January 1, 1993, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, Onslow County is responsible for billing and collecting the property taxes on all registered motor vehicles on behalf of all municipalities and special tax districts in the County,

including the City of Jacksonville. For those motor vehicles registered under the staggered system, property taxes are due the first day of the fourth month after the vehicles are registered. The billed taxes are applicable to the fiscal year in which they become due. Therefore, taxes for vehicles registered in Onslow County from March 2008 through February 2009 apply to the fiscal year ended June 30, 2009. Uncollected taxes that were billed during this period are shown as a receivable on these financial statements and are offset by deferred revenues.

Those revenues susceptible to accrual are sales taxes collected and held by the State at year-end on behalf of the City, sales and services and investment earnings. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Other intergovernmental revenues are not susceptible to accrual because generally they are not measurable and available until received in cash.

Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs in accordance with grant guidelines which vary by funding source.

The City reports deferred revenue on its balance sheet for governmental funds. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

As permitted by generally accepted accounting principles, the City has elected to apply only applicable FASB Statements and Interpretations issued on or before November 30, 1989, that do not contradict GASB pronouncements in its accounting and reporting practices for its proprietary operations and Pension Trust Fund.

D. Budgetary Data

The City's budgets are adopted as required by North Carolina General Statutes. An annual budget ordinance is adopted for the General Fund and operating Enterprise Funds. All annual appropriations lapse at fiscal year-end. Grant project ordinances are adopted for the Non-Major Governmental Funds and project ordinances are adopted for the Capital Reserve Fund and Major Capital Project Funds. The City's Internal Service Funds operate under a Council-adopted financial plan and not a budget ordinance. All budgets are prepared using the modified accrual basis of accounting, which is consistent with the accounting method used to record transactions.

Expenditures may not legally exceed appropriations at the functional level for the General Fund, Non-Major Governmental Funds, Enterprise Funds, and at the fund level for the Capital Reserve Fund and Capital Project Funds. A function is a group of related activities aimed at accomplishing a major service, such as public safety. The balances in the Capital Reserve Capital Project Fund will be appropriated and transferred to another Capital Project Fund in accordance with the project ordinance adopted for the reserve fund. The City Manager is authorized by the budget ordinance to transfer appropriations up to \$5,000; however, any revisions that exceed \$5,000 at the functional level of the General Fund, Non-Major Governmental Fund, Enterprise Funds and the fund level for the Capital Project Funds or revisions that alter total expenditures of any fund must be approved by

the City Council. During the year, several amendments to the original budget became necessary, the effects of which were not material.

A budget calendar is included in State law that prescribes the last day on which certain steps of the budget procedures are to be performed. The following schedule lists the tasks to be performed and the date by which each is required to be completed.

- April 30 Each department head will transmit to the budget officer the departmental budget requests and revenue estimates for the budget year.
- June 1 The budget and the budget message shall be submitted to the governing board. The public hearing on the budget should be scheduled at this time.
- July 1 The budget ordinance shall be adopted by the governing board.

As required by State law, the City's Internal Service Funds operate under a financial plan that was adopted by the governing board at the time the City's budget ordinance was approved. The financial plan also was entered into the minutes of the governing board.

E. Deposits and Investments

All deposits of the City are made in council-designated official depositories and are secured as required by G.S. 159-31. The City may designate as an official depository any bank or savings and loan association whose principal office is located in North Carolina. Also, the City may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the City to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT), an SEC registered (2a-7) money market mutual fund, which complies with municipal investment laws.

The City's investments with a maturity of more than one year at acquisition and non-money market investments are reported at fair value as determined by quoted market prices. The NCCMT cash portfolio's securities are valued at fair value, which is the NCCMT's share price. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contracts are reported at amortized cost.

F. Cash and Cash Equivalents

The City pools moneys from several funds, except the Pension Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

G. Restricted Assets

The unexpended Powell Bill and E-911 revenue are classified as restricted assets in governmental funds because the use is completely restricted by State law. Also, State and Federal Drug Enforcement assets are recorded as restricted assets since their use is restricted by law.

The unexpended debt proceeds in any fund are classified as restricted assets because their use is completely restricted to the purpose for which the notes were originally issued.

Also included in restricted assets are a Certificate of Deposit held, as a compensating balance, by our primary banking institution and sureties held for developers who have not completed infrastructure improvements in subdivisions that are under construction.

The detail of these balances is as follows:

Governmental Activities:

Powell Bill	\$ 3,182,324
E-911 Revenue	876,041
Drug Enforcement Assets	147,677
Unexpended Debt Proceeds	568,380
Compensating Balance	625,000
Customer Deposits	196,061
Other	3,694
	<u>\$ 5,599,177</u>

Business-Type Activities:

Unexpended Debt Proceeds	<u>\$ 451,940</u>
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H. Ad Valorem Taxes Receivable and Unearned/Deferred Revenues

In accordance with State law [G.S. 105-347 and 159-13(a)], the City levies ad valorem taxes, except for ad valorem taxes on certain vehicles, on July 1, the beginning of the fiscal year. These taxes are due on September 1, the lien date; however, no interest or penalties are assessed until the following January 6. The current year's tax levy is based on the assessed values as of January 1, 2008.

Privilege licenses collected prior to the fiscal year to which they apply are recorded as unearned revenues.

I. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

J. Inventory

The inventories of the City's General Fund are valued at cost, using the average cost method. The inventory of the General Fund consists of fuel held for consumption. The cost is recorded as an

expenditure when the inventory is consumed. The General Fund inventory reported on the Governmental Funds Balance Sheet is offset by a fund balance reserve that indicates it does not constitute a resource available for appropriation even though it is a component of net current assets.

The inventory of the Enterprise Funds and Internal Service Funds are valued at the lower of cost, using the first-in, first-out method, or market. The inventory consists of materials and supplies held for consumption. The cost is recorded as an expense when the inventory is consumed.

K. Capital Assets

Capital assets, which include land, buildings, equipment and infrastructure assets (e.g., roads, bridges, traffic signals, and similar items), are reported in the applicable governmental or business-type activities columns in the Government-wide Financial Statements and in the proprietary fund types in the Fund Financial Statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (\$100,000 for infrastructure) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

General infrastructure assets acquired prior to July 1, 2003, consist of the road networks that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacements method.

The cost of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized.

Costs associated with construction in progress are recorded in their respective capital asset category upon approval by the City Council, which approximates the completion date.

Depreciation is charged to operations using the straight-line method based on the estimated useful life of an asset. The estimated useful lives of depreciable assets are as follows:

Buildings and Other Structures	10 to 40 years
Improvements Other Than	
Buildings	10 to 40 years
Equipment	3 to 10 years
Heavy Equipment	5 to 10 years
Vehicles	2 to 10 years
Infrastructure	10 to 40 years

L. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (short-term interfund loans) or "advances to/from other funds" (long-term interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide Financial Statements as "internal balances."

Advances between funds, as reported in the Fund Financial Statements, are offset by a fund balance reserve account in the applicable governmental fund to indicate that they are not available for appropriation and are not expendable available financial resources.

M. Other Resources

The General Fund provides the basis of local resources for other governmental funds. These transactions are recorded as "Transfers (out)" in the General Fund and "Transfers in" in the receiving fund in the Fund Financial Statements.

N. Long-Term Obligations

In the Government-wide Financial Statements and proprietary fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Assets. Bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the Fund Financial Statements, governmental fund types recognize bond premiums, discounts, and issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

O. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned.

The City has assumed a first-in, first-out method of using accumulated compensated time. Compensatory time was eliminated as of January 1, 2008; however, employees will continue to use compensatory time accumulated prior to that date until such leave is exhausted. Because any remaining compensatory time is paid out upon separation, it is treated in the same manner as vacation leave, with an expense and a liability recorded for the portion of the time that is estimated to be used in the next fiscal year.

The City's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

P. Net Assets/Fund Balances

Net assets in government-wide and proprietary fund financial statements are classified as invested in capital assets, net of related debt; restricted; and unrestricted. Restricted net assets represent

constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through state statute.

In the Governmental Fund Financial Statements, reservations or restrictions of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. State law [G.S. 159-13(b)(16)] restricts appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

The Governmental Funds classify fund balances as follows:

Reserved

Reserved by State statute - portion of fund balance, in addition to reserves for encumbrances and reserves for prepaids and inventories, which is not available for appropriation under State law [G.S. 159-8(a)]. This amount is usually comprised of the receivable balances that are not offset by deferred revenues.

Reserved by grantor - portion of total fund balance reserved to pay for grant eligible activities.

Reserved for compensating balance - portion of fund balance not available for appropriation because it is part of an agreement for banking services in lieu of fees.

Reserved for encumbrances - portion of fund balance available to pay for commitments related to purchase orders and contracts that remained unperformed at year-end.

Reserved for inventories - portion of fund balance not available for appropriation because it represents the year-end balance of ending inventories, which are not expendable available resources.

Reserved for installment purchase - portion of fund balance available for appropriation that has been reserved for installment purchases not completed at year-end.

Reserved for Powell Bill - portion of total fund balance reserved to pay for street improvements.

Reserved for prepaid items - portion of total fund balance that indicates that prepaid items do not represent expendable available financial resources even though they are a component of net current assets.

Reserved for drug enforcement - portion of total fund balance available for appropriation that has been reserved for drug enforcement.

Unreserved

Designated for subsequent year's expenditures - portion of total fund balance available for appropriation that has been designated for the adopted 2009-2010 budget ordinance.

Undesignated - portion of total fund balance available for appropriation that is uncommitted at year-end.

Note 2. Stewardship, Compliance and Accountability

Deficit Fund Balance of Individual Fund

As of June 30, 2009, the SAFER Grant Capital Project Fund had a deficit balance of \$8,680. This deficit is expected to be funded by grant revenue and other financing sources in the future.

Note 3. Deposits and Investments

Deposits

All the City's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits exceeding the federal depository insurance coverage are collateralized with securities held by the City's agents in the City's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, these deposits are considered to be held by the City's agents in the City's name. The amount of the pledged collateral is based on an approved averaging method for noninterest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the City under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly collateralized.

At June 30, 2009, the City's deposits had a carrying amount of \$7,483,621, which includes a \$625,000 compensating balance, and a bank balance of \$9,855,449. Of the bank balance, \$750,000 was covered by federal depository insurance, and \$7,105,449 in interest-bearing deposits was covered by collateral held under the Pooling Method (State Treasurer).

Investments

At June 30, 2009, the City had the following investments and maturities.

Investment Type	Carrying Value	Fair Value	6-12 Months	1-3 Years
US Government Agencies	\$ 1,645,317	\$ 1,645,317	\$ -	\$ 1,645,317
Commercial Paper	1,992,844	1,992,844	1,992,844	-
Certificates of Deposit	2,000,000	2,000,000	-	2,000,000
NC Capital Management Trust- Cash Portfolio	10,588,652	10,588,652	N/A	N/A
Total	<u>\$ 16,226,813</u>	<u>\$ 16,226,813</u>	<u>\$ 1,992,844</u>	<u>\$ 3,645,317</u>

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the City's investment policy limits the maturities of investments in Treasuries, Agencies and Instrumentalities not to exceed five years from settlement date. All other investments will have final maturities of no more than three years, except for specific reserves or projects approved by City Council.

Credit Risk. The City's investment policy follows State law (North Carolina General Statutes 159-30) for allowable investment types. The commercial paper bears the highest rating of at least one nationally recognized rating service, and does not bear a rating below the highest by any nationally recognized rating service which rates the particular obligation. The City's commercial paper carries a credit rating of A1 by Standard and Poor's and P1 by Moody's. The City's investment in the NC Capital Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2009. The investments in Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association and the Government National Mortgage Association are rated AAA by Standard and Poor's.

Concentration of Credit Risk. The City's investment policy limits that, with the exception of US Treasuries and the NC Capital Management Trust, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution. This year at June 30, the City's investments, other than the North Carolina Capital Management Trust which is 65.3%, are made up of 12.3% commercial paper, 10.1% US agencies, and 12.3% certificates of deposit.

Note 4. Receivables

Receivables are presented net of allowance for uncollectibles in the accompanying financial statements. The receivables and applicable allowances for uncollectibles are as follows:

Activities	Gross Receivables	Allowance	Net Receivables
Governmental			
General			
Taxes receivable	\$ 1,926,072	\$ 336,710	\$ 1,589,362
Accrued interest on taxes	555,117	277,559	277,558
Accounts receivable	6,300,795	855,542	5,445,253
Major Capital Projects	98,560	-	98,560
Special Revenue	271,357	-	271,357
Internal Service Fund	22,845	-	22,845
Total Governmental Activities	<u>9,174,746</u>	<u>1,469,811</u>	<u>7,704,935</u>
Business-Type			
Water/Sewer	2,532,389	303,960	2,228,429
Solid Waste	189,989	19,360	170,629
Non-Major	137,495	28,659	108,836
Total Business-Type Activities	<u>2,859,873</u>	<u>351,979</u>	<u>2,507,894</u>
	<u>\$ 12,034,619</u>	<u>\$ 1,821,790</u>	<u>\$ 10,212,829</u>

The allowance for doubtful accounts in the General Fund accounts receivable arises primarily from the probable uncollectibility of a claim against a former employee. In May 2007, the City received payment of \$96,559 from the Execution Sale of property that the former employee was discovered to own in Gaston County; however, the probability of recovering any further funds is remote.

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2009, was as follows:

Primary Government

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,985,324	\$ 4,560	\$ -	\$ 1,989,884
Construction in progress	5,398,467	1,198,819	(1,859,659)	4,737,627
Total capital assets not being depreciated	<u>7,383,791</u>	<u>1,203,379</u>	<u>(1,859,659)</u>	<u>6,727,511</u>
Capital assets being depreciated:				
Buildings	17,781,091	2,491,682	-	20,272,773
Improvements other than buildings	8,982,570	55,218	-	9,037,788
Equipment	9,726,692	363,147	(512,635)	9,577,204
Heavy equipment	377,283	173,767	(30,459)	520,591
Vehicles	7,397,986	945,820	(340,349)	8,003,457
Infrastructure	29,195,331	7,026,635	-	36,221,966
Total capital assets being depreciated	<u>73,460,953</u>	<u>11,056,269</u>	<u>(883,443)</u>	<u>83,633,779</u>
Less accumulated depreciation for:				
Buildings	(8,565,399)	(726,203)	-	(9,291,602)
Improvements other than buildings	(1,622,704)	(453,190)	-	(2,075,894)
Equipment	(8,526,227)	(687,629)	504,067	(8,709,789)
Heavy equipment	(352,426)	(28,141)	30,459	(350,108)
Vehicles	(5,451,576)	(739,749)	326,919	(5,864,406)
Infrastructure	(11,165,035)	(1,441,977)	-	(12,607,012)
Total accumulated depreciation	<u>(35,683,367)</u>	<u>\$(4,076,889)</u>	<u>\$ 861,445</u>	<u>(38,898,811)</u>
Total capital assets being depreciated, net	<u>37,777,586</u>			<u>44,734,968</u>
Governmental activity capital assets, net	<u>\$ 45,161,377</u>			<u>\$ 51,462,479</u>

Reconciliation of Governmental Activities Increases:

Total capital assets not being depreciated	\$ 1,203,379
Total capital assets being depreciated	<u>11,056,269</u>
	<u>\$ 12,259,648</u>
General Fund	\$ 993,800
Non-Major Governmental	354,264
Major Capital	4,473,637
Internal Service	134,665
Donated infrastructure	<u>6,303,282</u>
	<u>\$ 12,259,648</u>

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water/Sewer Fund				
Capital assets not being depreciated:				
Land	\$ 170,725	\$ 11,243	\$ -	\$ 181,968
Construction in progress	24,793,406	38,727,856	-	63,521,262
Total capital assets not being depreciated	24,964,131	38,739,099	-	63,703,230
Capital assets being depreciated:				
Buildings	70,640,617	33,126	-	70,673,743
Improvements other than buildings	53,116,752	2,523,744	-	55,640,496
Equipment	4,431,420	245,855	(29,235)	4,648,040
Heavy equipment	660,664	-	(14,972)	645,692
Vehicles	898,656	210,585	(29,051)	1,080,190
Total capital assets being depreciated	129,748,109	3,013,310	(73,258)	132,688,161
Less accumulated depreciation for:				
Buildings	(36,386,838)	(3,172,896)	-	(39,559,734)
Improvements other than buildings	(28,726,323)	(1,718,021)	-	(30,444,344)
Equipment	(2,628,598)	(760,748)	28,270	(3,361,076)
Heavy equipment	(506,312)	(49,574)	14,972	(540,914)
Vehicles	(734,303)	(101,053)	29,052	(806,304)
Total accumulated depreciation	(68,982,374)	\$ (5,802,292)	\$ 72,294	(74,712,372)
Total capital assets being depreciated, net	60,765,735			57,975,789
Business-type activities capital assets, net	\$ 85,729,866			\$ 121,679,019
Reconciliation of Business-Type Activities Increases:				
Total capital assets not being depreciated	\$ 38,727,856			
Total capital assets being depreciated	3,013,310			
	<u>\$ 41,741,166</u>			
Water and Sewer Fund	\$ 240,144			
Water Capital Projects	22,099,848			
Sewer Capital Projects	17,345,813			
Transfers from General Fund	57,412			
Donated Infrastructure	1,997,949			
	<u>\$ 41,741,166</u>			

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Solid Waste Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Buildings	40,983	-	-	40,983
Equipment	482	31,442	-	31,924
Vehicles	1,714,699	332,444	(67,267)	1,979,876
Total capital assets being depreciated	1,756,164	363,886	(67,267)	2,052,783
Less accumulated depreciation for:				
Buildings	(37,908)	(2,049)	-	(39,957)
Equipment	(482)	(5,240)	-	(5,722)
Vehicles	(1,189,759)	(196,327)	67,267	(1,318,819)
Total accumulated depreciation	(1,228,149)	\$ (203,616)	\$ 67,267	(1,364,498)
Total capital assets being depreciated, net	528,015			688,285
Business-type activities capital assets, net	\$ 528,015			\$ 688,285
Reconciliation of Business-Type Activities Increases:				
Total capital assets not being depreciated	\$ -			
Total capital assets being depreciated	363,886			
	<u>\$ 363,886</u>			

Capital Assets (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Stormwater/Water Quality Fund				
Capital assets not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ -
Construction in progress	-	-	-	-
Total capital assets not being depreciated	-	-	-	-
Capital assets being depreciated:				
Infrastructure	368,040	180,116	-	548,156
Improvements other than buildings	45,308	-	-	45,308
Equipment	84,430	14,904	-	99,334
Heavy equipment	152,603	-	-	152,603
Vehicles	754,515	-	(51,239)	703,276
Total capital assets being depreciated	1,404,896	195,020	(51,239)	1,548,677
Less accumulated depreciation for:				
Infrastructure	(12,199)	(22,905)	-	(35,104)
Improvements other than buildings	(3,640)	(2,265)	-	(5,905)
Equipment	(35,905)	(16,903)	-	(52,808)
Heavy equipment	(94,861)	(16,161)	-	(111,022)
Vehicles	(516,761)	(61,907)	51,239	(527,429)
Total accumulated depreciation	(663,366)	\$ (120,141)	\$ 51,239	(732,268)
Total capital assets being depreciated, net	741,530			816,409
Business-type activities capital assets, net	\$ 741,530			\$ 816,409

Reconciliation of Business-Type Activities Increases:

Total capital assets not being depreciated	\$ -
Total capital assets being depreciated	195,020
	<u>\$ 195,020</u>
Stormwater/Water Quality Fund	\$ 14,904
Stormwater Capital Projects	180,116
	<u>\$ 195,020</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 444,420
Public Works	1,507,877
Public Safety	950,304
Cultural and Recreational	856,263
Economic Development	36,985
Internal Service Funds	281,040
Total depreciation expense - governmental activities	<u>\$ 4,076,889</u>
Business-type activities:	
Water and Sewer Fund	\$ 5,802,292
Solid Waste Fund	203,616
Non-Major Enterprise Funds	120,141
Total depreciation expense - business-type activities	<u>\$ 6,126,049</u>

Construction Commitments

As of June 30, 2009, the City has active construction projects. The City's commitments with contractors at June 30, 2009, are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Water and Sewer Improvements	\$ 41,380,076	\$ 18,283,244
Recreation Facilities	24,846	54,931
Street/Stormwater Improvements	-	17,136
Total	<u>\$ 41,404,922</u>	<u>\$ 18,355,311</u>

Note 6. Pension Plan Obligations

A. Local Governmental Employees' Retirement System

Plan Description. City of Jacksonville contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Plan members are required to contribute six percent of their annual covered salary. The City is required to contribute at an actuarially determined rate. The current rate for employees not engaged in law enforcement and for law enforcement officers is 4.80% and 4.72%, respectively, of annual covered payroll. The contribution requirements of members and of the City of Jacksonville are established and may be amended by the North Carolina General Assembly. The City's contributions to LGERS for the years ended June 30, 2009, 2008, and 2007 were \$987,285, \$889,795, and \$815,979, respectively. The contributions made by the City equaled the required contributions for each year.

B. Law Enforcement Officers' Special Separation Allowance

Plan Description.

City of Jacksonville administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Separation Allowance is reported in the City's report as a pension trust fund and no stand-alone financial report is issued.

All full-time City law enforcement officers are covered by the Separation Allowance. At December 31, 2008, the Separation Allowance's membership consisted of:

Retirees receiving benefits	12
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>126</u>
Total	<u>138</u>

Summary of Significant Accounting Policies:

Basis of Accounting. Financial statements for the Separation Allowance are prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and when the City has made a formal commitment to provide the contributions. Benefits are recognized when due and payable in accordance with the terms of the plan. The administrative costs are financed by the General Fund.

Method Used to Value Investments. Investments are reported at fair value.

Contributions.

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned by making contributions based on actuarial valuations. For the current year, the City contributed \$157,387, or 3.0% of annual

covered payroll. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

The annual required contribution for the current year was determined as part of the December 31, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) a 7.25% investment rate of return, and (b) projected salary increases ranging from 4.5% to 12.3% per year. Item (b) included an inflation component of 3.75%. The assumptions did not include post-employment benefit increases. The actuarial value of assets was determined using the market value of investments. The unfunded actuarial accrued liability is being amortized as a level percentage of pay on a closed basis. The remaining amortization period at December 31, 2007 was 23 years.

Annual Pension Cost and Net Pension Obligation. The City's annual pension cost and net obligation to the Separation Allowance for the current year were as follows:

Annual required contribution	\$ 157,283
Interest on net pension obligation	663
Adjustment to annual required contribution	(559)
Annual pension cost	157,387
Contributions made	(157,387)
Decrease in net pension obligation	-
Net pension obligation beginning of year	-
Net pension obligation end of year	\$ -

Three-Year Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/07	\$ 131,840	100%	\$ -
6/30/08	\$ 159,140	100%	\$ -
6/30/09	\$ 157,387	100%	\$ -

As of December 31, 2007, the most recent actuarial valuation date, the plan was 13.95 percent funded. The actuarial accrued liability for benefits was \$1,931,842, and the actuarial value of assets was \$269,473, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,662,369. The covered payroll (annual payroll of active employees covered by the plan) was \$5,249,250, and the ratio of the UAAL to the covered payroll was 31.67 percent.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent (5%) of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009, were \$339,138, which consisted of \$249,374 from the City and \$89,764 from the law enforcement officers.

D. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan with services provided by Prudential, administered by the Department of State Treasurer. The Plan provides retirement benefits to all full-time and qualified part-time non-law enforcement employees of the City. Authority to establish and amend benefit provisions is assigned to the City Council.

Funding Policy. The adopted plan requires the City to contribute each pay period an amount equal to two percent (2%) of each non-law enforcement employee's salary. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested immediately. All covered employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2009 were \$561,430, which consisted of \$305,628 from the City and \$255,802 from the employees.

E. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Jacksonville, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or on the Internet at www.ncosc.net.

Funding Policy. Plan members are required to contribute \$10 per month to the Fund. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the Fund. Contribution requirements of plan members and the State of North Carolina are established and may be amended by the North Carolina General Assembly.

F. Other Post-Employment Benefits

The City provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least 10 years of creditable service with the City. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Retirees pay 100% of the health insurance premium set by the City. The benefits cease when the retiree reaches age 65. The City Council may amend the benefit provisions. A separate report was not issued for the plan.

Membership in the plan included the following at December 31, 2008, the date of the latest actuarial valuation:

Active Members	
Law Enforcement Officers	126
Firefighters	72
General employees	323
Retired Members	<u>23</u>
Total	<u>544</u>

Funding Policy

Contribution rates for the Plan are established on an annual basis by the City Council. Eligible retirees and their covered dependents receiving benefits contribute 100% on their premium costs. The City has chosen to fund the healthcare benefits on a pay-as-you-go basis.

The current annual required contribution (ARC) rate is 1.27% of annual covered payroll. For the fiscal year ended June 30, 2009, the total retiree contributions for health insurance were \$123,519. The City's medical coverage is self insured, which is administered by an outside provider.

Summary of Significant Accounting Policies

Post-employment expenditures are made from the City's general fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Annual OPEB Cost and Net OPEB Obligation

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 256,304
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost (expense)	<u>256,304</u>
Contribution made	<u>(133,460)</u>
Increase (decrease) in net OPEB obligation	<u>122,844</u>
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u><u>\$ 122,844</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
<u>2009</u>	<u>\$256,304</u>	<u>52.1%</u>	<u>\$122,844</u>

Funded Status and Funding Progress

As of December 31, 2008, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits, and thus, the unfunded actuarial accrued liability (UAAL) was \$2,758,133. The covered payroll (annual payroll of active employees covered by the plan) was \$20,265,645, and the ratio of the UAAL to the covered payroll was 13.6%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Example includes assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the fund status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value assets, consistent with the long-term perspective of the calculations.

In the December 31, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return, which is the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 10.5 to 5 percent over 7 years. The UAAL is being amortized as a level dollar percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2008 was 30 years.

Note 7. Other Employment Benefits

The City has elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to his/her death, but no less than \$25,000 and no more than \$50,000. All death benefit payments are made from the Death Benefit Plan. The City has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. Because the benefit payments are made by the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. For the fiscal year ended June 30, 2009, the City made contributions to the State for death benefits of \$22,693. The City's required contributions for employees not engaged in law enforcement and for law enforcement officers represented .10% and .14% of covered payroll, respectively. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount.

The City also provides additional death benefit through a Group Term Life Insurance program, which is provided on a non-contributory basis to all members of the retirement system after 90 days of employment. The benefit pays the designated beneficiary an amount equal to time and a half of the employee's annual salary, but the benefit may not exceed \$75,000. Under the IRS regulations, the value of employer-paid Group Term Life Insurance coverage in excess of \$50,000 is considered taxable to the employee as a fringe benefit.

Note 8. Risk Management

The City is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is a participant in (e.g., transfers risk to) two insurance pools administered by the North Carolina League of Municipalities. One pool (IRFFNC) provides coverage for property damage and general liability (including auto and law enforcement officers). Major policies and their limits of coverage include: public officials (\$3 million) and law enforcement liability (\$3 million), vehicle liability (\$2 million), public employee scheduled and blanket bonds (\$600,000), general liability (\$2 million), municipal equipment (\$2 million), computer equipment (\$5 million), and property (\$75.4 million). The other pool (NCRIMA) provides workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence losses in excess of \$2,000,000 for general liability and property damage, and single occurrence losses of \$1,000,000 for workers' compensation.

The City has established a risk management program to account for and finance its uninsured risks of loss for health insurance. Under this program, the risk management program provides coverage up to a maximum of \$100,000 for each individual claim.

The City purchases commercial insurance for individual claims in excess of \$100,000 and aggregate claims in excess of the greater of (a) the minimum annual aggregate deductible or (b) 90% of the first monthly aggregate deductible amount multiplied by twelve (12). Settled claims have not exceeded this commercial coverage in any of the last three fiscal years.

The City participates in the program and makes payments to the risk management program based on actuarial estimates of the amounts needed to pay prior- and current-year claims and to establish a reserve for catastrophic losses. Amounts withheld from employees and the City's general funds are available to pay claims, claim reserves and administrative costs for the program.

The claims liability of \$486,435 reported in the General Fund at June 30, 2009, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Changes in the reported liability since July 1, 1999 were as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	Balance at Fiscal Year-End
1999-2000	\$ 32,923	\$ 1,277,966	\$ 1,107,989	\$ 202,900
2000-2001	202,900	1,461,322	1,435,202	229,020
2001-2002	229,020	1,381,641	1,547,044	63,617
2002-2003	63,617	1,402,910	1,281,596	184,931
2003-2004	184,931	1,868,524	1,861,108	192,347
2004-2005	192,347	2,229,998	2,243,300	179,045
2005-2006	179,045	2,528,402	2,451,812	255,635
2006-2007	255,635	3,267,020	3,264,923	257,732
2007-2008	257,732	3,445,020	3,319,655	383,097
2008-2009	383,097	3,410,997	3,307,659	486,435

The City carries commercial insurance for all other risks of loss. Settled claims resulting from their risks have not exceeded commercial insurance coverage in any of the last three fiscal years.

The City carries flood insurance through the National Flood Insurance Plan (NFIP). Because some areas of the City are in an area of the State that has been mapped and designated an "A" area (an area close to a river, lake, or stream) by the Federal Emergency Management Agency, which includes the property adjacent to Fire Station 2, the City is eligible for and has purchased coverage totalling \$581,000 through the NFIP.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer and tax collector are bonded for \$250,000 and \$50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

Note 9. Claims and Judgments

At June 30, 2009, the City was a defendant to various lawsuits. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

Note 10. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

As of June 30, 2009, the City had a legal debt margin of \$212,469,123.

A. Installment Purchases

The City finances various property acquisitions under installment purchase agreements. Under these agreements, the assets acquired collateralize the debt. The financing contracts require principal payments with interest rates ranging from 2.58% to 5.34%.

The installment purchase contracts payable at June 30, 2009, are comprised of the following individual contracts:

Serviced by the General Fund:

	<u>Principal Balance June 30, 2009</u>
\$1,254,792 installment agreement – for 800 MHz communication equipment with Bank of America dated December 8, 2000; remaining balance payable in 18 monthly payments of \$13,520 including interest at 5.34%.	\$ 233,356
\$914,743 installment agreement – for the refinancing of the multi-purpose community recreation center with Bank of America dated December 28, 2001; remaining balance payable in 9 monthly payments of principal of \$9,240 plus interest at 4.41%.	83,158
\$5,000,000 installment agreement – for City Hall Expansion with Bank of America dated December 9, 2002; remaining balance payable in 101 equal principal payments of \$27,778 not including interest at 3.95%.	2,805,556
\$146,808 installment agreement – for improvements for the youth center with RBC Centura dated August 12, 2004; remaining balance payable in 1 principal payment of \$2,447 not including interest at 3.15%.	2,447
\$330,400 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 3 monthly payments of \$5,956 including interest at 2.58%.	17,791

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Serviced by the General Fund (continued):

	<u>Principal Balance June 30, 2009</u>
\$313,171 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 15 monthly payments of \$5,755 including interest at 3.40%.	\$ 84,402
\$700,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 22 monthly payments of \$12,979 including interest at 3.78%.	275,445
\$265,142 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 31 monthly payments of \$4,922 including interest at 3.832%.	145,053
\$754,632 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 8 monthly payments of \$22,174 including interest at 3.898%.	174,824
\$2,606,307 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 155 monthly payments of \$19,150 including interest at 3.95%.	2,322,037
\$78,728 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 36 monthly payments of \$1,467 including interest at 4.0%.	49,695
\$696,554 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 13 monthly payments of \$20,479 including interest at 3.94%.	260,206
\$999,626 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 29 monthly payments of \$28,952 including interest at 2.89%.	810,023
\$390,369 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 52 monthly payments of \$7,102 including interest at 2.89%.	346,119
Total	<u><u>\$ 7,610,112</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$1,197,047 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,835,240	\$ 250,747	\$ 2,085,987
2011	1,213,966	193,907	1,407,873
2012	761,067	159,565	920,632
2013	574,644	137,487	712,131
2014	526,201	117,350	643,551
2015-2019	2,066,888	299,842	2,366,730
2020-2024	632,106	38,149	670,255
Total	<u><u>\$ 7,610,112</u></u>	<u><u>\$ 1,197,047</u></u>	<u><u>\$ 8,807,159</u></u>

Serviced by the Water and Sewer Fund:

	Principal Balance June 30, 2009
\$5,823,000 installment agreement – for construction of sewer lines with Bank of America dated December 8, 2000, and amended December 28, 2001; remaining balance payable in 90 monthly payments of \$6,787 including interest at 4.6%.	\$ 515,879
\$5,461,956 installment agreement – for refinancing of the waste water treatment facilities with Bank of America dated December 28, 2001; remaining balance payable in 23 monthly payments of \$59,196 including interest at 4.50%.	1,302,064
\$4,290,806 installment agreement – for the Public Services/Fleet Complex with Bank of America dated August 12, 2003; remaining balance payable in 110 monthly payments of \$23,838 not including interest at 3.235%.	2,622,151
\$1,660,132 installment agreement – for an elevated water storage tank with RBC Centura dated May 14, 2004; remaining balance payable in 118 monthly payments of \$9,223 not including interest at 3.27%.	1,088,309
\$864,690 installment agreement – for water and sewer line replacements with RBC Centura dated August 12, 2004; remaining balance payable in 61 equal principal payments of \$7,206 not including interest at 3.44%.	439,551
\$174,599 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 3 monthly payments of \$3,147 including interest at 2.58%.	9,401
\$698,408 installment agreement – for automated meter reading and pump monitoring equipment with RBC Centura dated June 8, 2005; remaining balance payable in 11 monthly payments of \$12,736 including interest at 3.07%.	125,584
\$875,776 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 15 monthly payments of \$16,094 including interest at 3.40%.	236,028
\$2,950,600 installment agreement – for vehicles and equipment with Wachovia dated December 19, 2005; remaining balance payable in 77 monthly payments of \$29,187 including interest at 3.57%.	2,005,933
\$1,600,000 installment agreement – for vehicles and equipment with RBC Centura dated June 20, 2006; remaining balance payable in 22 monthly payments of \$29,666 including interest at 3.78%.	629,589
\$7,700,000 installment agreement – for vehicles and equipment with Wachovia dated October 20, 2006; remaining balance payable in 87 monthly payments of \$29,187 including interest at 3.57%.	5,846,262

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Serviced by the Water and Sewer Fund (continued):

	<u>Principal Balance June 30, 2009</u>
\$121,166 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 31 monthly payments of \$2,249 including interest at 3.832%.	\$ 66,287
\$40,200 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 8 monthly payments of \$1,181 including interest at 3.898%.	9,313
\$598,743 installment agreement – for park improvements with Citimortgage dated June 15, 2007; remaining balance payable in 155 monthly payments of \$4,399 including interest at 3.95%.	533,438
\$122,606 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 36 monthly payments of \$2,285 including interest at 4.0%.	77,393
\$8,200 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 13 monthly payments of \$241 including interest at 3.94%.	3,063
\$235,353 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 52 monthly payments of \$4,282 including interest at 2.89%.	208,675
Total	<u><u>\$ 15,718,920</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$2,056,844 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 2,996,460	\$ 528,527	\$ 3,524,987
2011	2,689,029	417,031	3,106,060
2012	1,748,179	334,614	2,082,793
2013	1,752,572	271,045	2,023,617
2014	1,766,546	206,970	1,973,516
2015-2019	4,611,715	289,893	4,901,608
2020-2024	154,419	8,764	163,183
Total	<u><u>\$ 15,718,920</u></u>	<u><u>\$ 2,056,844</u></u>	<u><u>\$ 17,775,764</u></u>

Serviced by the Solid Waste Fund:

	<u>Principal Balance June 30, 2009</u>
\$760,006 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 15 monthly payments of \$13,967 including interest at 3.40%.	\$ 204,828
\$308,012 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 31 monthly payments of \$5,718 including interest at 3.832%.	168,506
\$4,500 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 8 monthly payments of \$132 including interest at 3.898%.	1,042
\$347,012 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 36 monthly payments of \$6,467 including interest at 4.0%.	219,045
\$35,000 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 29 monthly payments of \$1,014 including interest at 2.89%.	28,361
\$365,798 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 52 monthly payments of \$6,654 including interest at 2.89%.	324,332
Total	<u><u>\$ 946,114</u></u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$48,924 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 380,271	\$ 25,961	\$ 406,232
2011	265,533	14,277	279,810
2012	196,040	6,479	202,519
2013	77,815	2,043	79,858
2014	26,455	164	26,619
Total	<u><u>\$ 946,114</u></u>	<u><u>\$ 48,924</u></u>	<u><u>\$ 995,038</u></u>

Serviced by the Fleet Maintenance Fund:

	<u>Principal Balance June 30, 2009</u>
\$45,000 installment agreement – for vehicles and equipment with RBC Centura dated November 22, 2004; remaining balance payable in 3 monthly payments of \$812 including interest at 2.58%.	\$ 2,423
\$17,800 installment agreement – for vehicles and equipment with RBC Centura dated November 17, 2005; remaining balance payable in 15 monthly payments of \$327 including interest at 3.40%.	4,798
Total	<u>\$ 7,221</u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$119 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 6,245	\$ 114	\$ 6,359
2011	976	5	981
Total	<u>\$ 7,221</u>	<u>\$ 119</u>	<u>\$ 7,340</u>

Serviced by the Information Technology Services Fund:

	<u>Principal Balance June 30, 2009</u>
\$285,000 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 13 monthly payments of \$8,379 including interest at 3.94%.	\$ 106,467
Total	<u>\$ 106,467</u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$2,463 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 98,115	\$ 2,436	\$ 100,551
2011	8,352	27	8,379
Total	<u>\$ 106,467</u>	<u>\$ 2,463</u>	<u>\$ 108,930</u>

Serviced by the Video/Media Services Fund:

	<u>Principal Balance June 30, 2009</u>
\$38,800 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 8 monthly payments of \$1,140 including interest at 3.898%.	\$ 8,989
Total	<u>\$ 8,989</u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$132 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 8,989	\$ 132	\$ 9,121
Total	<u>\$ 8,989</u>	<u>\$ 132</u>	<u>\$ 9,121</u>

Serviced by the Stormwater Fund:

	<u>Principal Balance June 30, 2009</u>
\$270,463 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 31 monthly payments of \$5,021 including interest at 3.832%.	\$ 147,963
\$3,000 installment agreement – for vehicles and equipment with Chase dated March 15, 2007; remaining balance payable in 8 monthly payments of \$88 including interest at 3.898%.	695
\$84,466 installment agreement – for vehicles and equipment with RBC Centura dated August 31, 2007; remaining balance payable in 36 monthly payments of \$1,574 including interest at 4.00%.	53,317
\$161,006 installment agreement – for vehicles and equipment with RBC Centura dated December 23, 2008; remaining balance payable in 52 monthly payments of \$2,929 including interest at 2.89%.	142,756
Total	<u>\$ 344,731</u>

The future minimum payments of the installment purchases payable as of June 30, 2009, including \$20,602 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 104,645	\$ 10,349	\$ 114,994
2011	107,755	6,534	114,289
2012	86,436	2,748	89,184
2013	34,250	899	35,149
2014	11,645	72	11,717
Total	<u>\$ 344,731</u>	<u>\$ 20,602</u>	<u>\$ 365,333</u>

B. Loans Payable

Water and Sewer Fund:

	Principal Balance June 30, 2009
\$15,000,000 State Revolving Fund Loan dated June 30, 1996, due in 7 annual installments of \$750,000 each; interest at 3.57%.	\$ 5,250,000
\$5,000,000 State Bond Loan dated April 1, 1996, due in 7 annual installments of \$250,000 each; interest at 4.4563%.	1,750,000
\$2,836,415 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 8 annual installments of \$141,820 each; interest at 3.035%.	1,134,566
\$3,000,000 Sanitary Sewer Revolving Loan dated February 11, 1998, due in 8 annual installments of \$150,000 each; interest at 3.035%.	1,200,000
\$1,000,000 State Revolving Loan dated February 10, 2004 due in 5 annual installments of \$100,000 each; interest at 2.82%.	500,000
\$18,552,977 State Revolving Loan dated June 3, 2008 due in 13 annual installments of \$1,397,786 each and one installment of \$381,759; interest at 2.10%.	18,552,977
\$7,765,950 State Revolving Loan dated March 26, 2009 due in 8 annual installments of \$388,298 each and one installment of \$765,950; interest at 2.10%.	7,765,950
Total	<u><u>\$ 36,153,493</u></u>

The future minimum payments of the loans payable as of June 30, 2009, including \$5,656,091 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 3,664,607	\$ 1,236,060	\$ 4,900,667
2011	3,664,607	1,217,435	4,882,042
2012	3,664,607	1,116,995	4,781,602
2013	3,664,607	1,015,565	4,680,172
2014	18,619,605	914,884	19,534,489
2015-2019	2,875,460	155,152	3,030,612
Total	<u><u>\$ 36,153,493</u></u>	<u><u>\$ 5,656,091</u></u>	<u><u>\$ 41,809,584</u></u>

C. Changes in Long-Term Liabilities – Governmental Activities

Long-term liability activity for Governmental Activities for the year ended June 30, 2009, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchases	\$ 8,541,633	\$ 1,389,995	\$ 2,198,839	\$ 7,732,789	\$ 1,948,589
Other postemployment benefits	-	237,997	123,919	114,078	-
*Compensated absences	1,441,814	662,607	708,649	1,395,772	631,876
Total	<u>\$ 9,983,447</u>	<u>\$ 2,290,599</u>	<u>\$ 3,031,407</u>	<u>\$ 9,242,639</u>	<u>\$ 2,580,465</u>

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
General government	\$ 3,484,803	\$ 1,117,453	\$ 498,770	\$ 4,103,486	\$ 783,912
Fire equipment	594,796	-	289,267	305,529	161,508
Police equipment	1,238,897	-	794,658	444,239	528,980
Recreation	2,757,732	-	318,663	2,439,069	254,680
Streets	163,660	272,542	118,413	317,789	106,160
Fleet Maintenance	21,014	-	13,793	7,221	6,245
Information Technology Services	258,689	-	152,222	106,467	98,115
Video/Media Services	22,042	-	13,053	8,989	8,989
Other postemployment benefits	-	237,997	123,919	114,078	-
*Compensated absences	1,441,814	662,607	708,649	1,395,772	631,876
Total	<u>\$ 9,983,447</u>	<u>\$ 2,290,599</u>	<u>\$ 3,031,407</u>	<u>\$ 9,242,639</u>	<u>\$ 2,580,465</u>

*The General Fund is used to liquidate the liability for compensated absences for governmental activities.

**Compensatory Time was not tracked prior to Fiscal Year 2008

D. Changes in Long-Term Liabilities – Business-Type Activities

Long-term liability activity for Business-Type Activities for the year ended June 30, 2009, is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Loans	\$ 15,819,637	\$ 21,725,677	\$ 1,391,821	\$ 36,153,493	\$ 3,664,607
Installment purchases	19,658,452	797,157	3,445,844	17,009,765	3,481,376
Other postemployment benefits	-	18,307	9,541	8,766	-
*Compensated absences	309,104	194,390	201,272	302,222	104,875
Total	<u>\$ 35,787,193</u>	<u>\$ 22,735,531</u>	<u>\$ 5,048,478</u>	<u>\$ 53,474,246</u>	<u>\$ 7,250,858</u>

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
By purpose					
Water Supply	\$ 7,775,247	\$ 235,353	\$ 666,749	\$ 7,343,851	\$ 674,715
Metering	1,412,586	-	558,920	853,666	544,674
Utilities Maintenance	3,884,101	-	86,698	3,797,403	42,656
Sewer	21,232,938	21,725,677	3,081,122	39,877,493	5,399,022
Solid Waste/Sanitation	900,369	400,798	355,053	946,114	380,271
Stormwater/Water Quality	272,848	161,006	89,123	344,731	104,645
Other postemployment benefits	-	18,307	9,541	8,766	-
*Compensated absences	309,104	194,390	201,272	302,222	104,875
Total	<u>\$ 35,787,193</u>	<u>\$ 22,735,531</u>	<u>\$ 5,048,478</u>	<u>\$ 53,474,246</u>	<u>\$ 7,250,858</u>

*The Water/Sewer and Stormwater/Water Quality Funds are used to liquidate the liability for compensated absences for business-type activities.

**Compensatory Time was not tracked prior to Fiscal Year 2008

Note 11. Interfund Receivables and Payables

Balances due to/from other funds at June 30, 2009, consist of the following:

Due to/from other funds:			Reconciliation to Exhibit A	
Receivable Fund	Payable Fund	Amount	Governmental	Business-Type
General	Non-Major Governmental	\$ 50,916	\$ -	\$ -
	Major Capital Project	31,296	-	-
	Water and Sewer	805,409	805,409	-
Major Capital Project	Water and Sewer	2,681,000	2,681,000	-
Water and Sewer	General	2,850	-	2,850
Non-Major Enterprise	General	658	-	658
	Water and Sewer	976,000	-	-
Fleet Maintenance*	General	113,354	-	-
	Water and Sewer	47,319	47,319	-
	Solid Waste	48,301	48,301	-
	Non-Major Enterprise	13,157	13,157	-
	Non-Major Governmental	1,159	-	-
	Information Technology	593	-	-
	Video/Media Services	128	-	-
Information Technology Services Fund*	General	570	-	-
City Hall Maintenance*	General	88	-	-
Video/Media Services*	General	88	-	-
Solid Waste Fund	General	1,578	-	1,578
	Water and Sewer	2,793,000	-	-
Special Separation Allowance Trust Fund	General	87	-	-
		<u>\$ 7,567,551</u>	<u>3,595,186</u>	<u>5,086</u>
			<u>\$ 3,590,100</u>	<u>\$ (3,590,100)</u>

*Internal Service Funds

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Some examples of those are: additional funding requirements based on actuarial information, sanitation services provided, and health and life insurance premium refunds.

The \$7.6 million balance is largely due to funds being advanced to the Water and Sewer Fund to pay for the new water plant which will be repaid using proceeds from the issuance of the \$26.6 million in Revenue Bonds in FY 2010.

Note 12. Deferred and Unearned Revenues

The balance in deferred and unearned revenues at year-end is composed of the following elements:

	Deferred Revenue	Unearned Revenue
General Fund		
Prepaid taxes not yet earned	\$ -	\$ 46,783
Taxes receivable	1,589,362	-
Beer and wine tax receivable	29,097	-
Sturgeon City	-	80
Youth Council	-	459
Hall of Fame	-	3,668
Relay for Life	-	19
National Night Out	-	12,722
Police Donations/Grants	-	1,500
Tree fund donations not yet earned, included in restricted assets	-	2,168
Beirut memorial donations not yet earned, included in restricted assets	-	1,524
Cooperative Lease	-	175
Privilege licenses for next year	-	303,443
Investment interest receivable	6,059	-
Total	\$ 1,624,518	\$ 372,541
Proprietary Fund		
Scientific Study Deposit	\$ -	\$ 24,000
PILOT revenues not yet earned	-	5,372
Special assessments receivable	-	111,951
Collection Fees	-	2,680
Total	\$ -	\$ 144,003

Note 13. Intergovernmental Assistance Programs

The City of Jacksonville is an entitlement City for Community Development Block Grant funds. The City is required to administer the program and provide staff necessary to ensure compliance with Grant stipulations.

Note 14. Interfund Transfers

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers, and are reported as other financing sources (uses) in the Governmental funds and transfers in the Proprietary funds. Transfers within fund types have been eliminated.

Interfund transfers for the year ended June 30, 2009 are as follows:

	Transfers in:					Total
	Major General	Non-Major Government	Major Capital Projects	Major Solid Waste	Major Water and Sewer	
Transfers out:						
Major General Fund	\$ -	\$ 2,208,446	\$ 2,368,218	\$ 2,917,828	\$ -	\$ 7,494,492
Non-Major Governmental	623,534	-	772,500	-	830,001	2,226,035
Major Capital Projects	3,526	295,963	-	-	-	299,489
Internal Service Fund	16,076	-	-	-	-	16,076
Non-Major Enterprise Fund	75,085	-	-	-	-	75,085
Total transfers out	\$ 718,221	\$ 2,504,409	\$ 3,140,718	\$ 2,917,828	\$ 830,001	\$ 10,111,177

Transfers consist primarily of the following:

\$ 510,764	From Capital Reserve to General Fund for debt retirement
\$ 375,901	From Capital Reserve to Water Sewer Fund for debt retirement
\$ 1,860,360	From General Fund to the Police Fire Facility Project
\$ 345,500	From Capital Reserve to Buddy Phillips Bridge Project
\$ 1,027,823	From General Fund to Capital Reserve for Council Initiatives
\$ 671,855	From General Fund to Street Improvements Capital Project
\$ 2,917,828	From General Fund to Solid Waste Fund

Note 15. Jointly Governed Organizations

The City, in conjunction with Camp Lejeune Marine Corps Base, Onslow County, and the other five municipalities within the county, established the Onslow Water and Sewer Authority (ONWASA). The ONWASA mission is to provide sewer availability to all Onslow County residents. The ONWASA's board is comprised of two members from the City, two members from the County and one member from each of the five municipalities. The City has elected to be a wholesale member and not a full service member of ONWASA.

The City, in conjunction with Onslow County, established the Jacksonville-Onslow Sports Commission. The purpose of the Commission is to coordinate all sporting events and tournaments in the County, striving to reduce scheduling major events on the same weekend. The City and County each fund one-half of the cost for this organization. The City's funding for FY2008-2009 was \$60,000.

The City, in conjunction with Onslow County and Y.O.U. Inc., dba Committee of 100, established an Economic Development Program. The purpose of this organization is to guide the growth in all of Onslow County by encouraging the expansion of local industry and the development of new jobs.

The City and County each fund one-half of the cost for this organization. The City's funding for FY2008-2009 was \$90,000.

The City established the Sturgeon City Project in FY2000 and in FY2007 turned over directorship to the non-profit Sturgeon City of Jacksonville, Inc. The City contributed \$90,000 in FY2008-2009.

Note 16. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The City has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Federal and State financial assistance audits could result in the refund of grant money to the grantor agencies. Management believes that any required refunds from audit of other federal and State financial assistance will be immaterial. No provision has been made in the accompanying financial statements for the possible refund of grant money.

Note 17 . Significant Effects of Subsequent Events

On September 10, 2009, the City issued \$26.6 million in Revenue Bonds bearing an average coupon rate of 4.54% to finance two major capital projects. The City is using the proceeds of the bond issue to finance the expansion of the Sewer Treatment facility and to relocate a force main that is attached to the Buddy Phillips Bridge which is scheduled to be replaced by NCDOT in the near future. In addition, the City was able to replace two installment purchase arrangements with revenue bonds. The payment and maturity dates remained the same, while the interest rates are lower than on the installment purchase contracts, thereby saving the City interest as well as releasing the liens on revenue-producing assets of the Water/Sewer Fund.

Also, in August the City was notified that it had been awarded \$3 million from Public Water Supply from its American Recovery and Reinvestment Act of 2009 (ARRA) allocation to fund Phase II of the Water Plant, which includes wells, transmission mains and SCADA upgrades. This award is in the form of a loan that is fifty percent forgivable and fifty percent repayable at zero percent interest.

Note 18. Pronouncements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2009 that have effective dates that may impact future financial presentations.

The impact of GASB Statement Number 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," is addressed in Note 7F.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the City of Jacksonville.

- GASB Statement Number 51, "Accounting and Financial Reporting for Intangible Assets," is effective for the City beginning with its year ending June 30, 2010.

- GASB Statement Number 53, "Accounting and Financial Reporting for Derivative Instruments," is effective for the City beginning with its year ending June 30, 2010.
- GASB Statement Number 54, "Fund Balance Reporting and Governmental Fund Type Definitions," is effective for the City beginning with its year ending June 30, 2011.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

Law Enforcement Officers' Special Separation Allowance:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

Other Postemployment Benefits:

Schedule of Funding Progress

Schedule of Employer Contributions

Notes to the Required Schedules

City of Jacksonville, North Carolina
 Law Enforcement Officers' Special Separation Allowance
 Required Supplementary Information
 Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/03	\$ 350,683	\$ 1,428,537	\$ 1,077,854	24.55	\$ 3,581,940	30.09 %
12/31/04	468,237	1,653,136	1,184,899	28.32	3,803,022	31.16
12/31/05	478,063	1,535,431	1,057,368	31.14	3,893,027	27.16
12/31/06	326,749	1,630,510	1,303,761	20.04	4,309,754	30.25
12/31/07	451,242	1,793,930	1,342,688	25.15	4,491,542	29.89
12/31/08	269,473	1,931,842	1,662,369	13.95	5,249,250	31.67

**City of Jacksonville, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Employer Contributions**

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2004	\$ 120,551	101 %
2005	136,127	100
2006	147,999	100
2007	131,840	100
2008	151,262	100
2009	157,387	100

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay closed
Remaining amortization period	22 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.25%
Projected salary increases *	Ranging from 4.5% to 12.3%
* Includes inflation at	3.75%
Cost-of-living adjustments	None

**City of Jacksonville, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Funding Progress**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
12/31/08	\$ -	\$ 2,758,133	\$ 2,758,133	0.0 %	\$ 20,265,645	13.6 %

City of Jacksonville, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Employer Contributions

Year Ended June 30,	Annual Required Contributions	Percentage Contributed
2009	\$ 256,304	52.1 %

Notes to the Required Schedules:

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Valuation date	12/31/2008
Actuarial cost method	Projected unit credit
Amortization method	Level percent of pay open
Remaining amortization period	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.00%
Medical cost trend *	10.50% - 5.00%
* Includes inflation at	3.75%



MAJOR FUNDS

- General Fund
- Capital Projects Fund
- Water and Sewer Fund
- Solid Waste Fund



GENERAL FUND

The General Fund accounts for resources traditionally associated with government that are not required to be accounted for in other funds.

City of Jacksonville, North Carolina
General Fund
Comparative Balance Sheets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 10,143,603	\$ 10,106,531
Restricted cash and cash equivalents	1,617,186	1,255,168
Taxes receivable (net)	1,589,362	1,334,768
Accounts receivable (net)	5,445,253	3,407,646
Interfund receivables	887,621	2,555,983
Inventories	9,734	16,291
Prepaid items	5,976	23,490
Total Assets	<u>\$ 19,698,735</u>	<u>\$ 18,699,877</u>
Liabilities and Fund Balances		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 1,394,673	\$ 1,236,005
Due to other funds	87	9,140
Interfund payable	119,186	157,178
Total Current Liabilities	<u>1,513,946</u>	<u>1,402,323</u>
Noncurrent Liabilities:		
Customer deposits	196,061	230,188
Deferred revenue	1,624,518	1,423,479
Unearned revenue	372,541	389,340
Total Noncurrent Liabilities	<u>2,193,120</u>	<u>2,043,007</u>
Total Liabilities	<u>3,707,066</u>	<u>3,445,330</u>
Fund Balances:		
Fund Balance - Reserved:		
Reserved by state statute	6,294,959	5,874,916
Reserved for compensating balance	625,000	150,000
Reserved for encumbrances	940,238	805,475
Reserved for inventories	9,734	16,291
Reserved for installment purchase	568,380	705,588
Reserved for Powell Bill	219,458	160,255
Reserved for prepaid items	5,976	23,490
Reserved for drug enforcement	4,593	4,593
Reserved for US agencies	-	12
Total Reserved	<u>8,668,338</u>	<u>7,740,620</u>
Fund Balance - Unreserved/Designated:		
Designated for subsequent year's expenditures	3,487,709	4,966,631
Undesignated	3,835,622	2,547,296
Total Fund Balances	<u>15,991,669</u>	<u>15,254,547</u>
Total Liabilities and Fund Balances	<u>\$ 19,698,735</u>	<u>\$ 18,699,877</u>

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

Schedule 2
Page 1 of 6

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Ad valorem taxes:				
Current year (net of discounts)	\$ 16,567,989	\$ 16,624,747	\$ 56,758	\$ 16,052,723
Prior years	290,350	347,974	57,624	248,414
Penalties and interest	66,450	126,741	60,291	74,588
Total	16,924,789	17,099,462	174,673	16,375,725
Other taxes and licenses:				
CATV franchise tax	72,000	74,583	2,583	32,253
Privilege licenses	642,600	732,655	90,055	649,834
Local option sales tax	3,647,669	3,642,325	(5,344)	3,080,909
One-half cent sales tax (2003)	1,857,398	2,497,938	640,540	1,568,803
One-half cent sales tax (1983)	2,292,416	2,292,415	(1)	1,936,230
One-half cent sales tax (1986)	2,275,227	2,275,226	(1)	1,921,712
Gross receipt on short term vehicle tax	91,000	114,171	23,171	114,395
Total	10,878,310	11,629,313	751,003	9,304,136
Unrestricted intergovernmental revenues:				
Utility franchise tax	2,374,648	2,897,192	522,544	2,623,543
Beer and wine tax	338,998	347,588	8,590	342,868
Payment in lieu of taxes (PILOT)	2,300	2,310	10	3,940
State Owned Buildings Fire Protection	2,039	2,312	273	1,529
ABC revenue	62,000	74,993	12,993	69,543
Total	2,779,985	3,324,395	544,410	3,041,423
Restricted intergovernmental revenues:				
Federal – CAMA land use grant	-	-	-	7,459
Federal – 104F transportation grant	413,656	229,176	(184,480)	245,904
Federal – FTA Section 5303 grant	21,784	21,784	-	21,448
Federal – DEA Task Force	-	14,791	14,791	21,257
State – Mosquito Control grant	42,416	42,416	-	29,467
State – CAMA permits	200	110	(90)	297
State – Street-aid Allocation	1,967,833	1,967,833	-	2,137,277
State – Wellness Incentive grant	3,000	3,000	-	4,246
State – 5303 State grant funds	2,723	2,723	-	2,681
State – Arts Council	1,600	2,405	805	1,317
Local – Juvenile Transportation	1,000	200	(800)	150
Local – EAP ongoing grant	3,000	3,000	-	2,432
Local – NCLM Safety grant	600	-	(600)	-
Local – Police Dept Community Services Contribution	1,000	-	(1,000)	291
Local – NARTEST-Court Ordered Payment	5,000	16,402	11,402	8,300
Local – Transit System (OUTS)	7,000	7,000	-	-
Total	2,470,812	2,310,840	(159,972)	2,482,526
Permits and fees:				
Taxi permits	9,000	11,277	2,277	9,667
Development review fees	102,908	138,770	35,862	98,791
Inspection fees	655,000	680,056	25,056	663,932
Erosion control fees	7,200	11,350	4,150	10,400
Fire protection permit	8,000	23,533	15,533	21,516
Nuisance abatement fees	-	15,587	15,587	9,662
Police Department	-	-	-	350
Total	782,108	880,573	98,465	814,318

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

Schedule 2
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	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Sales and services:				
Utility patching service	\$ 36,000	\$ 25,209	\$ (10,791)	\$ 38,835
Space rent	15,345	15,345	-	15,345
Recreation fees	336,301	401,031	64,730	361,740
Recreation concession	35,000	39,360	4,360	40,094
Photocopy and map sales	350	157	(193)	360
Credit reports	3,400	5,147	1,747	4,477
Powell Bill equipment use allowance	33,000	20,134	(12,866)	34,658
Cooperative Bank	2,100	1,925	(175)	2,100
Youth Center	-	-	-	269
Annexation/street closing petition	-	1,500	1,500	3,000
Funeral escorts	2,000	6,350	4,350	3,025
Wrecker rotation member	7,750	7,500	(250)	7,750
Miscellaneous sales	3,800	5,704	1,904	5,287
Total	475,046	529,362	54,316	516,940
Investment earnings:				
Investment earnings	375,000	296,391	(78,609)	757,888
Investment earnings - Powell Bill	45,000	20,709	(24,291)	46,875
Total	420,000	317,100	(102,900)	804,763
Miscellaneous:				
Police court fees	53,000	59,140	6,140	55,846
Parking fines	60	40	(20)	4
Program income-Powell Bill	-	12,000	12,000	4,000
Miscellaneous	83,487	108,453	24,966	96,560
Contributions	13,995	11,668	(2,327)	8,843
ICMA Refund	-	22,827	22,827	-
Total	150,542	214,128	63,586	165,253
Total revenues	34,881,592	36,305,173	1,423,581	33,505,084
Expenditures:				
General Government				
Mayor and Council				
Salaries and employee benefits		60,379		60,068
Operating expenses		140,304		102,329
Contracted services		-		3,016
Other departmental expenses		126,787		116,336
Overhead allocation from General Fund		(102,456)		(66,131)
Total		225,014		215,618
City Manager				
Salaries and employee benefits		456,763		351,327
Operating expenses		42,552		41,090
Contracted services		1,161		9,420
Other departmental expenses		49,992		60,806
Overhead allocation from General Fund		(146,343)		(138,117)
Total		404,125		324,526

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

Schedule 2
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	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Human Resources				
Salaries and employee benefits	\$	\$ 332,706	\$	\$ 310,198
Operating expenses		171,623		167,250
Contracted services		3,840		3,957
Other departmental expenses		40,731		68,212
Capital outlay		-		6,255
Overhead allocation from General Fund		(154,749)		(148,658)
Total		394,151		407,214
City Clerk				
Salaries and employee benefits		144,882		123,857
Operating expenses		22,727		22,019
Contracted services		-		5,427
Other departmental expenses		35,327		40,522
Overhead allocation from General Fund		(23,941)		(16,284)
Total		178,995		175,541
Elections				
Contracted services		-		15,933
Total		-		15,933
Finance				
Salaries and employee benefits		1,297,903		1,019,446
Operating expenses		215,782		156,081
Maintenance and repairs		439		31
Contracted services		321,053		321,555
Other departmental expenses		133,960		192,817
Capital outlay		16,656		-
Overhead allocation from General Fund		(877,630)		(686,636)
Total		1,108,163		1,003,294
Community Programs				
Salaries and employee benefits		89,212		75,628
Operating expenses		21,013		18,358
Maintenance and repairs		256		749
Contracted services		32,992		34,774
Other departmental expenses		21,941		25,362
Total		165,414		154,871
Legal				
Salaries and employee benefits		165,119		151,243
Operating expenses		13,997		14,247
Contracted services		1,299		10,997
Other departmental expenses		4,720		8,910
Overhead allocation from General Fund		(115,559)		(114,722)
Total		69,576		70,675
Planning				
Salaries and employee benefits		431,999		551,223
Operating expenses		85,755		88,009
Contracted services		34,856		74,254
Other departmental expenses		68,949		92,648
Capital outlay		-		13,386
Overhead allocation from General Fund		(27,934)		(14,448)
Total		593,625		805,072

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

Schedule 2
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	2009		2008
	Budget	Actual	Variance Positive (Negative)
			Actual
Transportation			
Salaries and employee benefits	\$	\$ 7,059	\$ 8,919
Operating expenses		1,303	2,085
Contracted services		377,159	342,338
Other departmental expenses		16,518	26,133
Total		402,039	379,475
Non-departmental			
Salaries and employee benefits		162,691	200,000
Operating expenses		70,439	120,186
Contracted services		9,469	36,953
Other departmental expenses		4,321	5,682
Reserve for insurance deductible		183,549	186,407
Miscellaneous payments		270,000	273,000
Payment to Onslow County		22,470	-
Bad debts		4,943	-
Total		727,882	822,228
Total General Government	5,735,991	4,268,984	1,467,007
Public Works			
Inspections			
Salaries and employee benefits		592,405	685,096
Operating expenses		97,036	90,497
Contracted services		5,634	20,233
Other departmental expenses		78,116	110,124
Capital outlay		16,758	-
Total		789,949	905,950
Code Enforcement			
Salaries and employee benefits		189,885	-
Operating expenses		17,201	-
Contracted services		13,850	-
Other departmental expenses		22,552	-
Total		243,488	-
Administration			
Salaries and employee benefits		22,807	82,812
Operating expenses		2,706	5,651
Other departmental expenses		4,870	11,298
Total		30,383	99,761
Engineering			
Salaries and employee benefits		211,180	152,325
Operating expenses		22,450	28,969
Contracted services		9,530	5,340
Other departmental expenses		35,525	55,036
Street lighting		(433)	-
Capital outlay		18,277	17,344
Overhead allocation from General Fund		(285,067)	(221,032)
Total		11,462	37,982

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

Schedule 2
Page 5 of 6

	2009		2008
	Budget	Actual	Variance Positive (Negative)
			Actual
Maintenance			
Salaries and employee benefits	\$	\$ 561,840	\$ 571,377
Operating expenses		97,960	112,944
Utilities		12,819	16,734
Maintenance and repairs		5,878	6,180
Contracted services		40,029	106,144
Other departmental expenses		28,502	51,039
Capital outlay		-	14,425
Total		747,028	878,843
Streets - Powell Bill			
Salaries and employee benefits		850,274	701,196
Operating expenses		345,850	376,869
Maintenance and repairs		4,471	4,939
Contracted services		18,160	19,589
Total		1,218,755	1,102,593
Streets - Non-Powell Bill			
Salaries and employee benefits		237,998	205,737
Operating expenses		106,095	128,358
Utilities		369,851	370,253
Maintenance and repairs		2,202	1,401
Contracted services		47,443	40,436
Other departmental expenses		431,931	449,737
Mosquito control		27,433	18,500
Capital outlay		244,643	5,897
Overhead allocation from General Fund		(53,821)	-
Total		1,413,775	1,220,319
Total Public Works	5,285,104	4,454,840	830,264
Public Safety			
Police			
Salaries and employee benefits		7,685,861	7,164,937
Employer contribution to separation allowance trust fund		157,387	159,140
Operating expenses		1,259,637	1,258,217
Utilities		48,096	39,269
Maintenance and repairs		56,593	31,763
Contracted services		45,619	25,761
Other departmental expenses		827,511	1,150,811
Capital outlay		596,336	524,434
Total		10,677,040	10,354,332
Fire			
Salaries and employee benefits		4,487,551	4,094,088
Operating expenses		399,974	361,229
Utilities		74,691	62,652
Maintenance and repairs		42,139	58,045
Contracted services		9,892	8,751
Other departmental expenses		270,469	377,926
Capital outlay		72,912	133,251
Total		5,357,628	5,095,942
Total Public Safety	17,786,038	16,034,668	1,751,370

City of Jacksonville, North Carolina
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

Schedule 2
Page 6 of 6

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Cultural and Recreational				
Recreation				
Salaries and employee benefits	\$ -	\$ 1,591,576	\$ -	\$ 1,342,928
Operating expenses		446,099		394,526
Utilities		249,199		221,058
Maintenance and repairs		118,413		96,909
Contracted services		527,366		414,766
Other departmental expenses		208,621		249,790
Capital outlay		5,748		15,767
Total Cultural and Recreational	3,586,476	3,147,022	439,454	2,735,744
Debt service				
Principal retirements	2,256,577	2,019,770	236,807	1,998,485
Interest and fees	78,119	311,838	(233,719)	349,721
Total debt service	2,334,696	2,331,608	3,088	2,348,206
Total expenditures	34,728,305	30,237,122	4,491,183	29,154,119
Revenues over expenditures	153,287	6,068,051	5,914,764	4,350,965
Other financing sources (uses):				
Debt issued	1,389,995	1,389,995	-	775,282
Appropriated fund balance	4,939,883	-	(4,939,883)	-
Sales of general capital assets	195,000	41,014	(153,986)	34,623
Sales of capital assets - Powell Bill	10,000	14,333	4,333	4,510
Transfers in--				
From Major Capital Project Fund	215,283	3,526	(211,757)	120,991
From Non-Major Governmental Fund	519,055	623,534	104,479	1,393,609
From Non-Major Enterprise Fund	75,085	75,085	-	75,085
From Internal Service Fund	-	16,076	16,076	-
Transfers (out)--				
To Major Capital Project Fund	(2,368,218)	(2,368,218)	-	(890,323)
To Major Enterprise Fund	(2,917,828)	(2,917,828)	-	(3,029,134)
To Non-Major Governmental Fund	(2,211,542)	(2,208,446)	3,096	(2,359,579)
Total other financing (uses)	(153,287)	(5,330,929)	(5,177,642)	(3,874,936)
Net change in fund balance	\$ -	737,122	\$ 737,122	476,029
Fund balance:				
Beginning of year, July 1		15,254,547		14,778,518
End of year, June 30		\$ 15,991,669		\$ 15,254,547

MAJOR CAPITAL PROJECTS FUND

The Major Capital Projects Fund is segregated into individual projects which account for funds to be used for the acquisition or construction of major capital facilities.

Individual Project Descriptions:

Rails to Trails Capital Project – accounts for funds used in the conversion of railroad tracks to recreation trails.

City Hall Expansion Capital Project – accounts for funds used in the design and construction of the expansion and renovation of City Hall.

Sturgeon City Capital Project – accounts for funds used in the construction of Sturgeon City.

Sturgeon City Park Capital Project – accounts for funds used in the construction of Sturgeon City Park.

Police Remodeling Capital Project – accounts for funds used in the remodeling of the Police Station.

NC24 Culvert Trail Capital Project – accounts for funds used in the construction of the NC24 Culvert Trail.

Marine Corps Museum Capital Project – accounts for funds donated for the construction of the Marine Corps Museum.

Wilson Bay Initiative Capital Project – accounts for funds used in the Wilson Bay Initiative.

Downtown Redevelopment Capital Project – accounts for funds used in the revitalization of the downtown area.

Vietnam Veterans Memorial Capital Project – accounts for funds donated by the City for the eventual construction of a Vietnam Veterans Memorial.

Civic Facility Capital Project – accounts for funds used in the construction of the Civic Facility.

Youth Center Capital Project – accounts for funds used in the construction of a Jacksonville Youth Center.

Fire Training Facility Capital Project – accounts for funds used in conjunction with funds donated from Coastal Carolina Community College and Onslow County Volunteer Fire Service for the construction of a Fire Training Facility.

Traffic Signal Preemption Capital Project – accounts for funds used in the Traffic Signal Preemption Project.

Demolition Capital Project – accounts for funds dedicated for the demolition of unsuitable housing.

MAJOR CAPITAL PROJECTS FUND

(Continued)

Country Club Park Capital Project – accounts for funds used in the construction of the Country Club Park.

Richard Ray All America Park Capital Project – accounts for funds used in the construction of the Richard Ray All America Park.

Jacksonville Commons Phase II Capital Project – accounts for funds used in Phase II of the construction of the Jacksonville Commons Multi-Purpose Recreational Facility, which includes tennis courts, restrooms, and concession stands.

Sturgeon City Boardwalk II Capital Project – accounts for funds used in the construction of the Sturgeon City Boardwalk II.

West Gum Branch Fire Station Capital Project – accounts for funds used in the construction of the West Gum Branch Fire Station.

Indoor Facility Brynn Marr Capital Project – accounts for funds used in the construction of the Brynn Marr Indoor Facility.

Police/Fire Facility Capital Project – accounts for funds used in the construction of the new Police/Fire Facility.

Carolina Forest Park Capital Project – accounts for funds used in the construction of the Carolina Forest Park.

Youth Center Phase II Capital Project – accounts for the funds used for improvements to the Jacksonville Youth Center.

FEMA Firefighter's Assistance Capital Project – accounts for funds used to provide firefighter support in case of national disasters.

Sturgeon City Boardwalk III – accounts for funds used in the construction of the Sturgeon City Boardwalk III.

Firing Range Improvements – accounts for funds used to improve the Firing Range.

Kerr Street Tennis Courts – accounts for funds used in the rehabilitation of the Kerr Street Tennis Courts.

Public/Private Infrastructure Partnership – accounts for funds used in joint construction efforts through the Public/Private Infrastructure Partnership.

Buddy Phillips Bridge Improvements – accounts for funds used to improve the Buddy Phillips Bridge.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Comparative Balance Sheets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Cash and investments	\$ 2,630,304	\$ 4,284,487
Restricted cash and cash equivalents	-	2,729,797
Accounts receivable (net)	98,560	112,188
Interfund receivable	2,681,000	-
Total Assets	<u>\$ 5,409,864</u>	<u>\$ 7,126,472</u>
Liabilities and Fund Balances		
Accounts payable and accrued liabilities	\$ 327,559	\$ 1,209,976
Interfund payable	31,296	1,428,291
Total Liabilities	<u>358,855</u>	<u>2,638,267</u>
Fund Balances:		
Reserved for encumbrances	503,122	572,016
Reserved for Powell Bill	-	3,491
Unreserved, designated for subsequent year's expenditures	4,560,339	4,173,734
Unreserved, undesignated	<u>(12,452)</u>	<u>(261,036)</u>
Total Fund Balances	<u>5,051,009</u>	<u>4,488,205</u>
Total Liabilities and Fund Balances	<u>\$ 5,409,864</u>	<u>\$ 7,126,472</u>



City of Jacksonville, North Carolina
Major Capital Projects Fund
Schedule of Revenues and Expenditures--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Restricted intergovernmental revenues:					
Water Access Grant	\$ 559,000	\$ 559,000	\$ -	\$ 559,000	\$ -
NC Transp Enhancement Grant	1,187,582	1,187,582	-	1,187,582	-
Bike/Pedestrian Grant	400,000	400,000	-	400,000	-
LWCF Grant	231,676	231,676	-	231,676	-
Part F Grant	1,279,000	475,000	25,000	500,000	(779,000)
104F Transportation	108,000	-	51,054	51,054	(56,946)
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
CCCC Joint Project	13,000	13,000	-	13,000	-
Onslow County Joint Project	12,876	12,876	-	12,876	-
Prevention Pollution Grant	10,000	8,459	-	8,459	(1,541)
Contribution - Onslow County	148,191	141,808	-	141,808	(6,383)
FEMA Firefighters Assistance	70,200	70,200	-	70,200	-
NCDENR	300,000	-	29,748	29,748	(270,252)
Total restricted intergovernmental revenues	4,511,597	3,290,383	105,802	3,396,185	(1,115,412)
Investment earnings	681,504	532,146	17,201	549,347	(132,157)
Miscellaneous revenues	18,829	18,828	-	18,828	(1)
Contributions	71,653	71,652	-	71,652	(1)
Total revenues	5,283,583	3,913,009	123,003	4,036,012	(1,247,571)
Expenditures:					
General Government	24,420,486	10,347,774	71,781	10,419,556	14,000,930
Public Works	405,500	-	4,672	4,672	400,828
Public Safety	29,045,557	176,539	1,129,664	1,306,202	27,739,355
Cultural and Recreation	14,247,278	9,613,354	748,327	10,361,681	3,885,597
Non-capitalized expenditures	2,106,423	651,822	446,984	1,098,806	1,007,617
Total expenditures	70,225,244	20,789,489	2,401,428	23,190,917	47,034,327
Revenues (under) expenditures	(64,941,661)	(16,876,480)	(2,278,425)	(19,154,905)	45,786,756
Other financing sources (uses):					
Sale of capital assets	100,000	100,000	-	100,000	-
Debt issued	48,499,972	7,764,223	-	7,764,223	(40,735,749)
Transfers in--					
From Capital Reserve Fund	11,079,823	10,307,323	772,500	11,079,823	-
From General Fund	5,833,949	3,465,731	2,368,218	5,833,949	-
From Capital Projects Fund	30,000	30,000	-	30,000	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Transfers (out)--					
To Capital Reserve Fund	(330,473)	(34,509)	(295,963)	(330,472)	1
To General Fund	(255,715)	(252,188)	(3,526)	(255,714)	1
To Capital Projects Fund	(30,000)	(30,000)	-	(30,000)	-
Total other financing sources	64,941,661	21,364,685	2,841,229	24,205,914	(40,735,747)
Net Change In Fund Balance	\$ -	\$ 4,488,205	\$ 562,804	\$ 5,051,009	\$ 5,051,009

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet
June 30, 2009
With Comparative Totals for June 30, 2008

	Rails to Trails	City Hall Expansion	Sturgeon City	Sturgeon City Park	Police Remodeling
Assets					
Cash and cash equivalents	\$ 167,827	\$ 113,633	\$ 71,134	\$ 4,836	\$ 13,752
Restricted current assets	-	-	-	-	-
Accounts receivable	-	-	-	-	-
Interfund receivable	-	381,000	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Current Assets	167,827	494,633	71,134	4,836	13,752
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 167,827</u>	<u>\$ 494,633</u>	<u>\$ 71,134</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ 312,071	\$ 301	\$ -	\$ -
Interfund payable	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	-	312,071	301	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund Balances:					
Reserved for encumbrances	-	92,107	-	-	-
Reserved for Powell Bill	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	167,827	90,455	70,833	4,836	13,752
Unreserved, undesignated	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balance	167,827	182,562	70,833	4,836	13,752
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 167,827</u>	<u>\$ 494,633</u>	<u>\$ 71,134</u>	<u>\$ 4,836</u>	<u>\$ 13,752</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

NC24 Culvert Trail	Marine Corps Museum	Wilson Bay Initiative	Vietnam Veterans Memorial	Youth Center	Fire Training Facility	Traffic Signal Preemption
\$ 57,554	\$ 650,828	\$ 34,719	\$ 284,678	\$ 10,261	\$ 27,181	\$ 13,105
-	-	-	-	-	-	-
43,812	-	-	-	-	-	-
-	-	-	-	-	-	-
101,366	650,828	34,719	284,678	10,261	27,181	13,105
<u>\$ 101,366</u>	<u>\$ 650,828</u>	<u>\$ 34,719</u>	<u>\$ 284,678</u>	<u>\$ 10,261</u>	<u>\$ 27,181</u>	<u>\$ 13,105</u>
\$ 15,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
15,187	-	-	-	-	-	-
65,383	-	1,702	282,981	6,018	-	-
-	-	-	-	-	-	-
20,796	650,828	33,017	1,697	4,243	27,181	13,105
-	-	-	-	-	-	-
86,179	650,828	34,719	284,678	10,261	27,181	13,105
<u>\$ 101,366</u>	<u>\$ 650,828</u>	<u>\$ 34,719</u>	<u>\$ 284,678</u>	<u>\$ 10,261</u>	<u>\$ 27,181</u>	<u>\$ 13,105</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet (Continued)
June 30, 2009
With Comparative Totals for June 30, 2008

	Country Club Park	Richard Ray All America Park	Jacksonville Commons Phase II	West Gum Branch Fire Station	Indoor Facility Brynn Marr
Assets					
Cash and cash equivalents	\$ 47,165	\$ -	\$ -	\$ 246,500	\$ 47,060
Restricted current assets	-	-	-	-	-
Accounts receivable	-	-	25,000	-	-
Interfund receivable	-	-	-	-	-
Total Current Assets	47,165	-	25,000	246,500	47,060
Total Assets	\$ 47,165	\$ -	\$ 25,000	\$ 246,500	\$ 47,060
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund payable	-	12,452	18,844	-	-
Total Liabilities	-	12,452	18,844	-	-
Fund Balances:					
Reserved for encumbrances	-	-	-	-	-
Reserved for Powell Bill	-	-	-	-	-
Unreserved, designated for subsequent year's expenditures	47,165	-	6,156	246,500	47,060
Unreserved, undesignated	-	(12,452)	-	-	-
Total Fund Balance	47,165	(12,452)	6,156	246,500	47,060
Total Liabilities and Fund Balances	\$ 47,165	\$ -	\$ 25,000	\$ 246,500	\$ 47,060

Police/Fire Facility	Carolina Forest Park	Youth Center Phase II	Sturgeon City Boardwalk III	Firing Range Improvements	Kerr Street Tennis Courts	Public/Private Infrastructure Partnership
\$ 79,853	\$ 135,185	\$ 19,199	\$ 70,252	\$ 34,500	\$ 100,254	\$ 55,328
-	-	-	-	-	-	-
-	-	-	29,748	-	-	-
2,300,000	-	-	-	-	-	-
2,379,853	135,185	19,199	100,000	34,500	100,254	55,328
<u>\$ 2,379,853</u>	<u>\$ 135,185</u>	<u>\$ 19,199</u>	<u>\$ 100,000</u>	<u>\$ 34,500</u>	<u>\$ 100,254</u>	<u>\$ 55,328</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	54,931	-
-	-	-	-	-	-	-
2,379,853	135,185	19,199	100,000	34,500	45,323	55,328
-	-	-	-	-	-	-
2,379,853	135,185	19,199	100,000	34,500	100,254	55,328
<u>\$ 2,379,853</u>	<u>\$ 135,185</u>	<u>\$ 19,199</u>	<u>\$ 100,000</u>	<u>\$ 34,500</u>	<u>\$ 100,254</u>	<u>\$ 55,328</u>

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Balance Sheet
June 30, 2009
With Comparative Totals for June 30, 2008

	Buddy Phillips Bridge Improvements	Totals	
		June 30, 2009	June 30, 2008
Assets			
Cash and cash equivalents	\$ 345,500	\$ 2,630,304	\$ 4,284,487
Restricted current assets	-	-	2,729,797
Accounts receivable	-	98,560	112,188
Interfund receivable	-	2,681,000	-
Total Current Assets	345,500	5,409,864	7,126,472
Total Assets	<u>\$ 345,500</u>	<u>\$ 5,409,864</u>	<u>\$ 7,126,472</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 327,559	\$ 1,209,976
Interfund payable	-	31,296	1,428,291
Total Liabilities	-	358,855	2,638,267
Fund Balances:			
Reserved for encumbrances	-	503,122	572,016
Reserved for Powell Bill	-	-	3,491
Unreserved, designated for subsequent year's expenditures	345,500	4,560,339	4,173,734
Unreserved, undesignated	-	(12,452)	(261,036)
Total Fund Balance	345,500	5,051,009	4,488,205
Total Liabilities and Fund Balances	<u>\$ 345,500</u>	<u>\$ 5,409,864</u>	<u>\$ 7,126,472</u>



City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances

For the Fiscal Year Ended June 30, 2009

With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Rails to Trails	City Hall Expansion	Sturgeon City	Sturgeon City Park	Police Remodeling
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	5,235	-	-	-
Contributions	-	-	-	-	-
Total revenues	-	5,235	-	-	-
Expenditures:					
Capital Outlay					
General Government	-	21,308	5,055	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	361	-	-	-	-
Non-capitalized expenditures	-	-	-	-	-
Total expenditures	361	21,308	5,055	-	-
Revenues over (under) expenditures	(361)	(16,073)	(5,055)	-	-
Other financing sources (uses):					
Transfers in	-	10,500	17,733	-	-
Transfers (out)	-	-	-	-	-
Total other financing sources	-	10,500	17,733	-	-
Net change in fund balance	(361)	(5,573)	12,678	-	-
Fund balances:					
Beginning of year, July 1	168,188	188,135	58,155	4,836	13,752
End of year, June 30	\$ 167,827	\$ 182,562	\$ 70,833	\$ 4,836	\$ 13,752

NC24 Culvert Trail	Marine Corps Museum	Wilson Bay Initiative	Downtown Redevelopment	Vietnam Veterans Memorial	Civic Facility	Youth Center
\$ 51,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	5,404	-	-	6,562	-	-
-	-	-	-	-	-	-
51,054	5,404	-	-	6,562	-	-
-	-	26,531	-	-	-	2,012
-	-	-	-	-	-	-
-	-	-	-	-	-	-
63,817	-	-	-	-	-	-
-	-	-	-	397,674	-	-
63,817	-	26,531	-	397,674	-	2,012
(12,763)	5,404	(26,531)	-	(391,112)	-	(2,012)
-	100,000	-	-	100,000	-	-
-	-	-	(21,100)	-	(66,837)	-
-	100,000	-	(21,100)	100,000	(66,837)	-
(12,763)	105,404	(26,531)	(21,100)	(291,112)	(66,837)	(2,012)
98,942	545,424	61,250	21,100	575,790	66,837	12,273
\$ 86,179	\$ 650,828	\$ 34,719	\$ -	\$ 284,678	\$ -	\$ 10,261

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Fire Training Facility	Traffic Signal Preemption	Demolition	Country Club Park	Richard Ray All America Park
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	-	-	-
Contributions	-	-	-	-	-
Total revenues	-	-	-	-	-
Expenditures:					
Capital Outlay					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	-	-	-	-
Cultural and Recreation	-	-	-	4,560	-
Non-capitalized expenditures	12,310	37,000	-	-	-
Total expenditures	12,310	37,000	-	4,560	-
Revenues over (under) expenditures	(12,310)	(37,000)	-	(4,560)	-
Other financing sources (uses):					
Transfers in	25,000	34,000	-	-	-
Transfers (out)	-	-	(208,026)	-	-
Total other financing sources	25,000	34,000	(208,026)	-	-
Net change in fund balance	12,690	(3,000)	(208,026)	(4,560)	-
Fund balances:					
Beginning of year, July 1	14,491	16,105	208,026	51,725	(12,452)
End of year, June 30	\$ 27,181	\$ 13,105	\$ -	\$ 47,165	\$ (12,452)

Jacksonville Commons Phase II	Sturgeon City Boardwalk II	West Gum Branch Fire Station	Indoor Facility Brynn Marr	Police/Fire Facility	Carolina Forest Park	Youth Center Phase II
\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
25,000	-	-	-	-	-	-
-	-	-	-	-	-	16,875
-	-	-	-	-	-	-
-	-	-	-	1,129,659	-	-
610,715	-	-	2,940	-	9,440	-
-	-	-	-	-	-	-
610,715	-	-	2,940	1,129,659	9,440	16,875
(585,715)	-	-	(2,940)	(1,129,659)	(9,440)	(16,875)
-	-	246,500	-	1,860,360	44,625	35,000
-	(3,526)	-	-	-	-	-
-	(3,526)	246,500	-	1,860,360	44,625	35,000
(585,715)	(3,526)	246,500	(2,940)	730,701	35,185	18,125
591,871	3,526	-	50,000	1,649,152	100,000	1,074
\$ 6,156	\$ -	\$ 246,500	\$ 47,060	\$ 2,379,853	\$ 135,185	\$ 19,199

Continued on next page.

City of Jacksonville, North Carolina
Major Capital Projects Fund
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances (Continued)
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

	FEMA Firefighter's Assistance	Sturgeon City Boardwalk III	Firing Range Improvements	Kerr Street Tennis Courts
Revenues:				
Restricted intergovernmental revenues	\$ -	\$ 29,748	\$ -	\$ -
Investment earnings	-	-	-	-
Contributions	-	-	-	-
Total revenues	-	29,748	-	-
Expenditures:				
Capital Outlay				
General Government	-	-	-	-
Public Works	-	-	-	-
Public Safety	5	-	-	-
Cultural and Recreation	-	29,748	-	26,746
Non-capitalized expenditures	-	-	-	-
Total expenditures	5	29,748	-	26,746
Revenues over (under) expenditures	(5)	-	-	(26,746)
Other financing sources (uses):				
Transfers in	-	100,000	34,500	127,000
Transfers (out)	-	-	-	-
Total other financing sources	-	100,000	34,500	127,000
Net change in fund balance	(5)	100,000	34,500	100,254
Fund balances:				
Beginning of year, July 1	5	-	-	-
End of year, June 30	\$ -	\$ 100,000	\$ 34,500	\$ 100,254

Public/Private Infrastructure Partnership	Buddy Phillips Bridge Improvements	Totals	
		June 30, 2009	June 30, 2008
\$ -	\$ -	\$ 105,802	\$ 448,684
-	-	17,201	160,061
-	-	-	13,676
-	-	123,003	622,421
-	-	71,781	201,823
4,672	-	4,672	-
-	-	1,129,664	96,101
-	-	748,327	2,805,129
-	-	446,984	28,475
4,672	-	2,401,428	3,131,528
(4,672)	-	(2,278,425)	(2,509,107)
60,000	345,500	3,140,718	1,076,786
-	-	(299,489)	(120,991)
60,000	345,500	2,841,229	955,795
55,328	345,500	562,804	(1,553,312)
-	-	4,488,205	6,041,517
\$ 55,328	\$ 345,500	\$ 5,051,009	\$ 4,488,205

City of Jacksonville, North Carolina
Rails to Trails Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
NC Transportation Enhancement Grant	\$ 1,075,394	\$ 1,075,394	\$ -	\$ 1,075,394	\$ -
Bike Pedestrian Grant	400,000	400,000	-	400,000	-
NC Transportation Enhancement Grant	112,188	112,188	-	112,188	-
Investment earnings	108,889	78,216	-	78,216	(30,673)
Contributions	800	800	-	800	-
Total revenues	<u>1,697,271</u>	<u>1,666,598</u>	<u>-</u>	<u>1,666,598</u>	<u>(30,673)</u>
Expenditures:					
Capital outlay:					
Other improvements		5,552,369	361	5,552,730	
Total expenditures	<u>5,751,230</u>	<u>5,552,369</u>	<u>361</u>	<u>5,552,730</u>	<u>198,500</u>
Revenues (under) expenditures	<u>(4,053,959)</u>	<u>(3,885,771)</u>	<u>(361)</u>	<u>(3,886,132)</u>	<u>167,827</u>
Other financing sources (uses):					
Debt issued	674,466	674,466	-	674,466	-
Transfers in--					
From General Fund	316,000	316,000	-	316,000	-
From Capital Reserve Fund	3,084,081	3,084,081	-	3,084,081	-
Transfers (out)--					
To General Fund	(112,188)	(112,188)	-	(112,188)	-
To Capital Reserve Fund	(8,400)	(8,400)	-	(8,400)	-
Sale of capital assets	100,000	100,000	-	100,000	-
Total other financing sources	<u>4,053,959</u>	<u>4,053,959</u>	<u>-</u>	<u>4,053,959</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 168,188</u>	<u>(361)</u>	<u>\$ 167,827</u>	<u>\$ 167,827</u>
Fund balance:					
Beginning of year, July 1			168,188		
End of year, June 30			<u>\$ 167,827</u>		

City of Jacksonville, North Carolina
City Hall Expansion Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 10,307	\$ 10,308	\$ -	\$ 10,308	\$ 1
Investment earnings	254,554	243,885	5,235	249,120	(5,434)
Total revenues	264,861	254,193	5,235	259,428	(5,433)
Expenditures:					
Capital outlay:					
Other improvements		6,896,379	21,308	6,917,687	
Total expenditures	7,105,682	6,896,379	21,308	6,917,687	187,995
Revenues (under) expenditures	(6,840,821)	(6,642,186)	(16,073)	(6,658,259)	182,562
Other financing sources:					
Debt issued	5,030,308	5,030,308	-	5,030,308	-
Transfers in--					
From Capital Reserve Fund	1,705,908	1,705,908	-	1,705,908	-
From General Fund	90,500	80,000	10,500	90,500	-
From Proprietary Fund	14,105	14,105	-	14,105	-
Total other financing sources	6,840,821	6,830,321	10,500	6,840,821	-
Net change in fund balance	\$ -	\$ 188,135	(5,573)	\$ 182,562	\$ 182,562
Fund balance:					
Beginning of year, July 1			188,135		
End of year, June 30			\$ 182,562		

City of Jacksonville, North Carolina
Sturgeon City Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Contribution - Onslow County	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -
Pollution Prevention Grant	10,000	8,459	-	8,459	(1,541)
Total revenues	35,000	33,459	-	33,459	(1,541)
Expenditures:					
Capital outlay:					
Construction in progress		933,958	5,055	939,013	
Total expenditures	4,681,387	933,958	5,055	939,013	3,742,374
Revenues (under) expenditures	(4,646,387)	(900,499)	(5,055)	(905,554)	3,740,833
Other financing sources (uses):					
Debt issued	3,670,000	-	-	-	(3,670,000)
Transfers in--					
From Capital Reserve Fund	1,008,654	1,008,654	-	1,008,654	-
From General Fund	17,733	-	17,733	17,733	-
Transfers (out)--					
To Capital Projects Fund	(30,000)	(30,000)	-	(30,000)	-
To Capital Reserve Fund	(20,000)	(20,000)	-	(20,000)	-
Total other financing sources	4,646,387	958,654	17,733	976,387	(3,670,000)
Net change in fund balance	\$ -	\$ 58,155	12,678	\$ 70,833	\$ 70,833
Fund balance:					
Beginning of year, July 1			58,155		
End of year, June 30			\$ 70,833		

City of Jacksonville, North Carolina
Sturgeon City Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
LWCF Grant	\$ 231,676	\$ 231,676	\$ -	\$ 231,676	\$ -
Water Access Grant	200,000	200,000	-	200,000	-
Wetlands Restoration	192,072	190,782	-	190,782	(1,290)
Total revenues	623,748	622,458	-	622,458	(1,290)
Expenditures:					
Capital outlay:					
Other improvements		946,697	-	946,697	
Total expenditures	952,823	946,697	-	946,697	6,126
Revenues (under) expenditures	(329,075)	(324,239)	-	(324,239)	4,836
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	275,075	275,075	-	275,075	-
From General Fund	24,000	24,000	-	24,000	-
From Capital Projects Fund	30,000	30,000	-	30,000	-
Total other financing sources	329,075	329,075	-	329,075	-
Net change in fund balance	\$ -	\$ 4,836	-	\$ 4,836	\$ 4,836
Fund Balance:					
Beginning of year, July 1			4,836		
End of year, June 30			\$ 4,836		

City of Jacksonville, North Carolina
Police Remodeling Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		98,544	-	98,544	
Total expenditures	112,296	98,544	-	98,544	13,752
Revenues (under) expenditures	(112,296)	(98,544)	-	(98,544)	13,752
Other financing sources:					
Transfers in--					
From General Fund	112,296	112,296	-	112,296	-
Total other financing sources	112,296	112,296	-	112,296	-
Net change in fund balance	\$ -	\$ 13,752	-	\$ 13,752	\$ 13,752
Fund Balance:					
Beginning of year, July 1			13,752		
End of year, June 30			\$ 13,752		

City of Jacksonville, North Carolina
NC24 Culvert Trail Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
104F Transportation	\$ 108,000	\$ -	\$ 51,054	\$ 51,054	\$ (56,946)
Total revenues	108,000	-	51,054	51,054	(56,946)
Expenditures:					
Capital outlay:					
Other improvements		78,058	63,817	141,875	
Total expenditures	285,000	78,058	63,817	141,875	143,125
Revenues (under) expenditures	(177,000)	(78,058)	(12,763)	(90,821)	86,179
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	177,000	177,000	-	177,000	-
Total other financing sources	177,000	177,000	-	177,000	-
Net change in fund balance	\$ -	\$ 98,942	(12,763)	\$ 86,179	\$ 86,179
Fund Balance:					
Beginning of year, July 1			98,942		
End of year, June 30			\$ 86,179		

City of Jacksonville, North Carolina
Marine Corps Museum Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Investment earnings	\$ 82,290	\$ 45,424	\$ 5,404	\$ 50,828	\$ (31,462)
Total revenues	82,290	45,424	5,404	50,828	(31,462)
Expenditures:					
Capital outlay:					
Other improvements		100,000	-	100,000	
Total expenditures	782,290	100,000	-	100,000	682,290
Revenues over (under) expenditures	(700,000)	(54,576)	5,404	(49,172)	650,828
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	700,000	600,000	100,000	700,000	-
Total other financing sources	700,000	600,000	100,000	700,000	-
Net change in fund balance	\$ -	\$ 545,424	105,404	\$ 650,828	\$ 650,828
Fund Balance:					
Beginning of year, July 1			545,424		
End of year, June 30			\$ 650,828		

City of Jacksonville, North Carolina
Wilson Bay Initiative Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		231,866	26,531	258,397	
Total expenditures	293,116	231,866	26,531	258,397	34,719
Revenues (under) expenditures	(293,116)	(231,866)	(26,531)	(258,397)	34,719
Other financing sources:					
Transfers in--					
From General Fund	1,391	1,391	-	1,391	-
From Capital Reserve Fund	291,725	291,725	-	291,725	-
Total other financing sources	293,116	293,116	-	293,116	-
Net change in fund balance	\$ -	\$ 61,250	(26,531)	\$ 34,719	\$ 34,719
Fund Balance:					
Beginning of year, July 1			61,250		
End of year, June 30			\$ 34,719		

City of Jacksonville, North Carolina
Downtown Redevelopment Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		152,521	-	152,521	
Total expenditures	152,521	152,521	-	152,521	-
Revenues (under) expenditures	(152,521)	(152,521)	-	(152,521)	-
Other financing sources (uses):					
Debt issued	8,800	8,800	-	8,800	-
Transfers in--					
From General Fund	3,491	3,491	-	3,491	-
From Capital Reserve Fund	161,330	161,330	-	161,330	-
Transfers (out)--					
To Capital Reserve Fund	(21,100)	-	(21,100)	(21,100)	-
Total other financing sources	152,521	173,621	(21,100)	152,521	-
Net change in fund balance	\$ -	\$ 21,100	(21,100)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			21,100		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Vietnam Veterans Memorial Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Investment earnings	\$ 82,665	\$ 75,790	\$ 6,562	\$ 82,352	\$ (313)
Total revenues	82,665	75,790	6,562	82,352	(313)
Expenditures:					
Capital outlay:					
Other improvements		-	397,674	397,674	
Total expenditures	682,665	-	397,674	397,674	284,991
Revenues over (under) expenditures	(600,000)	75,790	(391,112)	(315,322)	284,678
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	600,000	500,000	100,000	600,000	-
Total other financing sources	600,000	500,000	100,000	600,000	-
Net change in fund balance	\$ -	\$ 575,790	(291,112)	\$ 284,678	\$ 284,678
Fund Balance:					
Beginning of year, July 1			575,790		
End of year, June 30			\$ 284,678		

City of Jacksonville, North Carolina
Youth Center Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		298,280	2,012	300,292	
Total expenditures	310,552	298,280	2,012	300,292	10,260
Revenues (under) expenditures	(310,552)	(298,280)	(2,012)	(300,292)	10,260
Other financing sources (uses):					
Debt issued	102,808	102,808	-	102,808	-
Transfers in--					
From General Fund	106,848	106,848	-	106,848	-
From Capital Reserve Fund	103,506	103,506	-	103,506	-
Transfers (out)--					
To Capital Reserve Fund	(2,610)	(2,609)	-	(2,609)	1
Total other financing sources	310,552	310,553	-	310,553	1
Net change in fund balance	\$ -	\$ 12,273	(2,012)	\$ 10,261	\$ 10,261
Fund Balance:					
Beginning of year, July 1			12,273		
End of year, June 30			\$ 10,261		

City of Jacksonville, North Carolina
Fire Training Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Contributions from Coastal Carolina					
Community College	\$ 13,000	\$ 13,000	\$ -	\$ 13,000	\$ -
Onslow County Volunteer Firefighters	12,876	12,876	-	12,876	-
Total revenues	<u>25,876</u>	<u>25,876</u>	<u>-</u>	<u>25,876</u>	<u>-</u>
Expenditures:					
Non-capitalized expenditures		148,138	12,310	160,448	
Total expenditures	<u>187,629</u>	<u>148,138</u>	<u>12,310</u>	<u>160,448</u>	<u>27,181</u>
Revenues (under) expenditures	<u>(161,753)</u>	<u>(122,262)</u>	<u>(12,310)</u>	<u>(134,572)</u>	<u>27,181</u>
Other financing sources:					
Transfers in--					
From General Fund	<u>161,753</u>	<u>136,753</u>	<u>25,000</u>	<u>161,753</u>	<u>-</u>
Total other financing sources	<u>161,753</u>	<u>136,753</u>	<u>25,000</u>	<u>161,753</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 14,491</u>	<u>12,690</u>	<u>\$ 27,181</u>	<u>\$ 27,181</u>
Fund Balance:					
Beginning of year, July 1			<u>14,491</u>		
End of year, June 30			<u>\$ 27,181</u>		

City of Jacksonville, North Carolina
Traffic Signal Preemption Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 155	\$ 105	\$ -	\$ 105	\$ (50)
Total revenues	155	105	-	105	(50)
Expenditures:					
Non-capitalized expenditures		34,000	37,000	71,000	
Total expenditures	84,155	34,000	37,000	71,000	13,155
Revenues (under) expenditures	(84,000)	(33,895)	(37,000)	(70,895)	13,105
Other financing sources:					
Debt Issued	16,000	16,000	-	16,000	-
Transfers in--					
From General Fund	68,000	34,000	34,000	68,000	-
Total other financing sources	84,000	50,000	34,000	84,000	-
Net change in fund balance	\$ -	\$ 16,105	(3,000)	\$ 13,105	\$ 13,105
Fund Balance:					
Beginning of year, July 1			16,105		
End of year, June 30			\$ 13,105		

City of Jacksonville, North Carolina
Demolition Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Miscellaneous	\$ 4,460	\$ 4,460	\$ -	\$ 4,460	\$ -
Contributions	250	250	-	250	-
Total revenues	4,710	4,710	-	4,710	-
Expenditures:					
Non-capitalized expenditures		369,684	-	369,684	
Total expenditures	369,684	369,684	-	369,684	-
Revenues (under) expenditures	(364,974)	(364,974)	-	(364,974)	-
Other financing sources (uses):					
Transfers in--					
From General Fund	333,000	333,000	-	333,000	-
From Capital Reserve Fund	240,000	240,000	-	240,000	-
Transfers (out)--					
To Capital Reserve Fund	(208,026)	-	(208,026)	(208,026)	-
Total other financing sources (uses)	364,974	573,000	(208,026)	364,974	-
Net change in fund balance	\$ -	\$ 208,026	(208,026)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			208,026		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Country Club Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Part F Grant	\$ 279,000	\$ -	\$ -	\$ -	\$ (279,000)
Total revenues	279,000	-	-	-	(279,000)
Expenditures:					
Capital outlay:					
Other improvements		23,275	4,560	27,835	
Total expenditures	558,000	23,275	4,560	27,835	530,165
Revenues (under) expenditures	(279,000)	(23,275)	(4,560)	(27,835)	251,165
Other financing sources:					
Debt Issued	204,000	-	-	-	(204,000)
Transfers in--					
From Capital Reserve Fund	75,000	75,000	-	75,000	-
Total other financing sources	279,000	75,000	-	75,000	(204,000)
Net change in fund balance	\$ -	\$ 51,725	(4,560)	\$ 47,165	\$ 47,165
Fund balance:					
Beginning of year, July 1			51,725		
End of year, June 30			\$ 47,165		

City of Jacksonville, North Carolina
Richard Ray All America Park Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Part F Grant	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ -
Contribution	53,503	53,502	-	53,502	(1)
Miscellaneous	14,369	14,368	-	14,368	(1)
Total revenues	317,872	317,870	-	317,870	(2)
Expenditures:					
Capital outlay:					
Other improvements		711,822	-	711,822	
Total expenditures	746,372	711,822	-	711,822	34,550
Revenues (under) expenditures	(428,500)	(393,952)	-	(393,952)	34,548
Other financing sources (uses):					
Debt Issued	47,000	-	-	-	(47,000)
Transfers in--					
From General Fund	250,000	250,000		250,000	-
From Capital Reserve Fund	135,000	135,000	-	135,000	-
Transfers (out)--					
To Capital Reserve Fund	(3,500)	(3,500)	-	(3,500)	-
Total other financing sources	428,500	381,500	-	381,500	(47,000)
Net change in fund balance	\$ -	\$ (12,452)	-	\$ (12,452)	\$ (12,452)
Fund balance:					
Beginning of year, July 1			(12,452)		
End of year, June 30			\$ (12,452)		

City of Jacksonville, North Carolina
Civic Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Contribution - Onslow County	\$ 52,884	\$ 46,500	\$ -	\$ 46,500	\$ (6,384)
Total revenues	52,884	46,500	-	46,500	(6,384)
Expenditures:					
Capital outlay:					
Construction in progress		1,805,844	-	1,805,844	
Total expenditures	11,812,228	1,805,844	-	1,805,844	10,006,384
Revenues (under) expenditures	(11,759,344)	(1,759,344)	-	(1,759,344)	10,000,000
Other financing sources (uses):					
Debt issued	10,000,000	-	-	-	(10,000,000)
Transfers in--					
From Capital Reserve Fund	1,821,181	1,821,181	-	1,821,181	-
From General Fund	145,000	145,000	-	145,000	-
Transfers (out)--					
To Capital Reserve Fund	(66,837)	-	(66,837)	(66,837)	-
To General Fund	(140,000)	(140,000)	-	(140,000)	-
Total other financing sources (uses)	11,759,344	1,826,181	(66,837)	1,759,344	(10,000,000)
Net change in fund balance	\$ -	\$ 66,837	(66,837)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			66,837		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Jacksonville Commons Phase II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Part F Grant	\$ 250,000	\$ 225,000	\$ 25,000	\$ 250,000	\$ -
Contribution - Onslow County	60,000	60,000	-	60,000	-
Contributions	17,100	17,100	-	17,100	-
Investment earnings	152,951	88,726	-	88,726	(64,225)
Total revenues	480,051	390,826	25,000	415,826	(64,225)
Expenditures:					
Capital outlay					
Construction in progress		1,859,659	610,715	2,470,374	
Total expenditures	2,540,755	1,859,659	610,715	2,470,374	70,381
Revenues (under) expenditures	(2,060,704)	(1,468,833)	(585,715)	(2,054,548)	6,156
Other financing sources (uses):					
Debt issued	1,931,841	1,931,841	-	1,931,841	-
Transfers in--					
From Capital Reserve Fund	128,863	128,863	-	128,863	-
Total other financing sources	2,060,704	2,060,704	-	2,060,704	-
Net change in fund balance	\$ -	\$ 591,871	(585,715)	\$ 6,156	\$ 6,156
Fund balance:					
Beginning of year, July 1			591,871		
End of year, June 30			\$ 6,156		

City of Jacksonville, North Carolina
Sturgeon City Boardwalk II Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Water Access Grant	\$ 359,000	\$ 359,000	\$ -	\$ 359,000	\$ -
Total revenues	359,000	359,000	-	359,000	-
Expenditures:					
Capital outlay:					
Construction in progress		441,474	-	441,474	
Total expenditures	441,473	441,474	-	441,474	(1)
Revenues (under) expenditures	(82,473)	(82,474)	-	(82,474)	(1)
Other financing sources (uses):					
Transfers in--					
From General Fund	86,000	86,000	-	86,000	-
Transfers (out)--					
To General Fund	(3,527)	-	(3,526)	(3,526)	1
Total other financing sources (uses)	82,473	86,000	(3,526)	82,474	1
Net change in fund balance	\$ -	\$ 3,526	(3,526)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			3,526		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
West Gum Branch Fire Station Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	2,612,500	-	-	-	2,612,500
Revenues (under) expenditures	(2,612,500)	-	-	-	2,612,500
Other financing sources:					
Debt issued	2,366,000	-	-	-	(2,366,000)
Transfers in--					
From General Fund	246,500	-	246,500	246,500	-
Total other financing sources	2,612,500	-	246,500	246,500	(2,366,000)
Net change in fund balance	\$ -	\$ -	246,500	\$ 246,500	\$ 246,500
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 246,500		

City of Jacksonville, North Carolina
Indoor Facility Brynn Marr Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	2,940	2,940	
Total expenditures	1,350,000	-	2,940	2,940	1,347,060
Revenues (under) expenditures	(1,350,000)	-	(2,940)	(2,940)	1,347,060
Other financing sources:					
Debt issued	1,300,000	-	-	-	(1,300,000)
Transfers in--					
From General Fund	50,000	50,000	-	50,000	-
Total other financing sources	1,350,000	50,000	-	50,000	(1,300,000)
Net change in fund balance	\$ -	\$ 50,000	(2,940)	\$ 47,060	\$ 47,060
Fund Balance:					
Beginning of year, July 1			50,000		
End of year, June 30			\$ 47,060		

City of Jacksonville, North Carolina
Police/Fire Facility Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	1,129,659	1,129,659	
Total expenditures	26,208,261	-	1,129,659	1,129,659	25,078,602
Revenues (under) expenditures	(26,208,261)	-	(1,129,659)	(1,129,659)	25,078,602
Other financing sources:					
Debt Issued	22,698,749	-	-	-	(22,698,749)
Transfers in--					
From General Fund	3,509,512	1,649,152	1,860,360	3,509,512	-
Total other financing sources	26,208,261	1,649,152	1,860,360	3,509,512	(22,698,749)
Net change in fund balance	\$ -	\$ 1,649,152	730,701	\$ 2,379,853	\$ 2,379,853
Fund Balance:					
Beginning of year, July 1			1,649,152		
End of year, June 30			\$ 2,379,853		

City of Jacksonville, North Carolina
Carolina Forest Park
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Part F Grant	\$ 500,000	\$ -	\$ -	\$ -	\$ (500,000)
Total revenues	500,000	-	-	-	(500,000)
Expenditures:					
Capital outlay:					
Other improvements		-	9,440	9,440	
Total expenditures	1,094,625	-	9,440	9,440	1,085,185
Revenues (under) expenditures	(594,625)	-	(9,440)	(9,440)	585,185
Other financing sources:					
Debt Issued	450,000	-	-	-	(450,000)
Transfers in--					
From General Fund	144,625	100,000	44,625	144,625	-
Total other financing sources	594,625	100,000	44,625	144,625	(450,000)
Net change in fund balance	\$ -	\$ 100,000	35,185	\$ 135,185	\$ 135,185
Fund Balance:					
Beginning of year, July 1			100,000		
End of year, June 30			\$ 135,185		

City of Jacksonville, North Carolina
Youth Center Phase II
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		28,926	16,875	45,801	
Total expenditures	65,000	28,926	16,875	45,801	19,199
Revenues (under) expenditures	(65,000)	(28,926)	(16,875)	(45,801)	19,199
Other financing sources:					
Transfers in--					
From General Fund	65,000	30,000	35,000	65,000	-
Total other financing sources	65,000	30,000	35,000	65,000	-
Net change in fund balance	\$ -	\$ 1,074	18,125	\$ 19,199	\$ 19,199
Fund Balance:					
Beginning of year, July 1			1,074		
End of year, June 30			\$ 19,199		

City of Jacksonville, North Carolina
FEMA Firefighter's Assistance
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Firefighter's Assistance Grant	\$ 70,200	\$ 70,200	\$ -	\$ 70,200	\$ -
Total revenues	70,200	70,200	-	70,200	-
Expenditures:					
Capital outlay:					
Other improvements		77,995	5	78,000	
Total expenditures	78,000	77,995	5	78,000	-
Revenues (under) expenditures	(7,800)	(7,795)	(5)	(7,800)	-
Other financing sources:					
Transfers in--					
From General Fund	7,800	7,800	-	7,800	-
Total other financing sources	7,800	7,800	-	7,800	-
Net change in fund balance	\$ -	\$ 5	(5)	\$ -	\$ -
Fund Balance:					
Beginning of year, July 1			5		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Sturgeon City Boardwalk Phase III
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
NCDENR	\$ 300,000	\$ -	\$ 29,748	\$ 29,748	\$ (270,252)
Total revenues	300,000	-	29,748	29,748	(270,252)
Expenditures:					
Capital outlay:					
Other improvements		-	29,748	29,748	
Total expenditures	400,000	-	29,748	29,748	370,252
Revenues (under) expenditures	(100,000)	-	-	-	100,000
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	100,000	-	100,000	100,000	-
Total other financing sources	100,000	-	100,000	100,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	100,000	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 100,000</u>		

City of Jacksonville, North Carolina
Firing Range Improvements
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	34,500	-	-	-	34,500
Revenues (under) expenditures	(34,500)	-	-	-	34,500
Other financing sources:					
Transfers in--					
From General Fund	34,500	-	34,500	34,500	-
Total other financing sources	34,500	-	34,500	34,500	-
Net change in fund balance	\$ -	\$ -	34,500	\$ 34,500	\$ 34,500
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 34,500		

City of Jacksonville, North Carolina
Kerr Street Tennis Courts
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	26,746	26,746	
Total expenditures	127,000	-	26,746	26,746	100,254
Revenues (under) expenditures	(127,000)	-	(26,746)	(26,746)	100,254
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	127,000	-	127,000	127,000	-
Total other financing sources	127,000	-	127,000	127,000	-
Net change in fund balance	\$ -	\$ -	100,254	\$ 100,254	\$ 100,254
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 100,254		

City of Jacksonville, North Carolina
Public/Private Infrastructure Partnership
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	4,672	4,672	
Total expenditures	60,000	-	4,672	4,672	55,328
Revenues (under) expenditures	(60,000)	-	(4,672)	(4,672)	55,328
Other financing sources:					
Transfers in--					
From General Fund	60,000	-	60,000	60,000	-
Total other financing sources	60,000	-	60,000	60,000	-
Net change in fund balance	\$ -	\$ -	55,328	\$ 55,328	\$ 55,328
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 55,328		

City of Jacksonville, North Carolina
Buddy Phillips Bridge Improvements
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Capital outlay:					
Other improvements		-	-	-	
Total expenditures	345,500	-	-	-	345,500
Revenues (under) expenditures	(345,500)	-	-	-	345,500
Other financing sources:					
Transfers in--					
From Capital Reserve Fund	345,500	-	345,500	345,500	-
Total other financing sources	345,500	-	345,500	345,500	-
Net change in fund balance	\$ -	\$ -	345,500	\$ 345,500	\$ 345,500
Fund Balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 345,500		



WATER AND SEWER FUND

The Water and Sewer Fund is used to account for water and sewer operations in the City of Jacksonville that are financed through user charges.

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Net Assets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 534,833	\$ 1,896,845
Accounts receivable (net)	2,228,429	2,137,485
Interfund receivables	2,850	1,691
Inventories	427,382	570,812
Prepaid items	-	603
Total Current Assets	<u>3,193,494</u>	<u>4,607,436</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	10,145	1,693,030
Capital assets (net)	<u>121,679,019</u>	<u>85,729,866</u>
Total Noncurrent Assets	<u>121,689,164</u>	<u>87,422,896</u>
Total Assets	<u>124,882,658</u>	<u>92,030,332</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	6,640,408	3,140,085
Interfund payable	7,302,728	1,018,673
Compensated absences payable-current	95,173	11,842
Installment purchases payable-current	2,996,460	2,974,989
Loans payable-current	<u>3,664,607</u>	<u>1,391,821</u>
Total Current Liabilities	<u>20,699,376</u>	<u>8,537,410</u>
Noncurrent Liabilities:		
Compensated absences payable-noncurrent	83,850	183,745
Unearned revenue	144,003	143,561
Customer deposits	551,985	501,629
Other postemployment benefits	4,388	
Installment purchases payable-noncurrent	12,722,460	15,510,246
Loans payable-noncurrent	<u>32,488,886</u>	<u>14,427,816</u>
Total Noncurrent Liabilities	<u>45,995,572</u>	<u>30,766,997</u>
Total Liabilities	<u>66,694,948</u>	<u>39,304,407</u>
Net Assets		
Invested in capital assets, net of related debt	69,816,751	53,118,024
Unrestricted	<u>(11,629,041)</u>	<u>(392,099)</u>
Total Net Assets	<u>\$ 58,187,710</u>	<u>\$ 52,725,925</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 19,585,091	\$ 16,090,217
Total operating revenues	<u>19,585,091</u>	<u>16,090,217</u>
Operating expenses:		
Water/Sewer Operations	5,839,949	5,511,454
Water Supply	1,090,315	576,853
Wastewater Treatment	1,700,490	1,658,177
Non-capitalized expenses - projects	1,626,593	34,901
Depreciation	<u>5,802,292</u>	<u>5,682,734</u>
Total operating expenses	<u>16,059,639</u>	<u>13,464,119</u>
Operating income	<u>3,525,452</u>	<u>2,626,098</u>
Nonoperating revenues (expenses):		
Investment earnings	73,060	206,548
Assessments collected	1,294	20
Interest collected on assessments	1,507	2
Gain on sale of capital assets	25,779	38,400
Internal asset transfer	-	1,436
Interest on long-term debt	<u>(993,257)</u>	<u>(2,160,749)</u>
Total nonoperating (expenses)	<u>(891,617)</u>	<u>(1,914,343)</u>
Income before capital contributions and transfers	<u>2,633,835</u>	<u>711,755</u>
Capital contributions:		
Developer contributions	<u>1,997,949</u>	<u>342,275</u>
Total capital contributions	<u>1,997,949</u>	<u>342,275</u>
Income before transfers	<u>4,631,784</u>	<u>1,054,030</u>
Transfers:		
Transfers in	<u>830,001</u>	<u>426,921</u>
Total transfers	<u>830,001</u>	<u>426,921</u>
Increase in Net Assets	5,461,785	1,480,951
Net Assets		
Beginning of year, July 1	<u>52,725,925</u>	<u>51,244,974</u>
End of year, June 30	<u><u>\$ 58,187,710</u></u>	<u><u>\$ 52,725,925</u></u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 19,439,729	\$ 15,507,941
Cash paid for goods and services	(1,836,867)	(1,608,635)
Cash paid to employees	(4,733,441)	(4,058,797)
Customer deposits	<u>50,356</u>	<u>89,820</u>
Net cash provided by operating activities	<u>12,919,777</u>	<u>9,930,329</u>
Cash flows from noncapital financing activities:		
Transfers in	830,001	426,921
Transfers (out)	-	-
Advances from other funds	6,284,056	985,421
Advances (to) other funds	<u>(1,159)</u>	<u>43,669</u>
Net cash provided by noncapital financing activities	<u>7,112,898</u>	<u>1,456,011</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(4,393,488)	(4,497,004)
Interest paid on long-term debt	(993,257)	(2,160,749)
Debt issued	21,961,030	4,724,056
Purchase of capital assets	(39,754,461)	(11,583,041)
Proceeds from sale of assets	26,743	38,400
Assessments collected	1,294	20
Interest collected on assessments	<u>1,507</u>	<u>2</u>
Net cash (used) by capital and related financing activities	<u>(23,150,632)</u>	<u>(13,478,316)</u>
Cash flows from investing activities:		
Interest earned on investments	<u>73,060</u>	<u>206,548</u>
Net cash provided by investing activities	<u>73,060</u>	<u>206,548</u>
Net (decrease) in cash and cash equivalents	(3,044,897)	(1,885,428)
Cash and cash equivalents, July 1	<u>3,589,875</u>	<u>5,475,303</u>
Cash and cash equivalents, June 30	<u><u>\$ 544,978</u></u>	<u><u>\$ 3,589,875</u></u>

Continued on next page.

City of Jacksonville, North Carolina
Water and Sewer Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Operating income	\$ 3,525,452	\$ 2,626,098
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	5,802,292	5,682,734
Bad debt expense	54,860	49,449
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	(16,564)	47,664
(Increase) decrease in prepaid expenses	603	(603)
Increase (decrease) in accounts payable and accrued liabilities	3,504,710	1,671,882
(Increase) decrease in accounts receivable	(145,804)	(578,915)
(Increase) decrease in inventories	143,430	345,561
Increase (decrease) in unearned revenues	442	(3,361)
Increase (decrease) in customer deposits	50,356	89,820
Total adjustments	<u>9,394,325</u>	<u>7,304,231</u>
Net cash provided by operating activities	<u>\$ 12,919,777</u>	<u>\$ 9,930,329</u>
Noncash investing, capital, and financing activities:		
Capital contributed by developers	<u>\$ 1,997,949</u>	<u>\$ 342,275</u>

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses—
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Water sales	\$ 2,452,066	\$ 2,247,544	\$ (204,522)	\$ 2,342,958
Water tap fees	10,000	801	(9,199)	11,186
Water facility fees	175,000	191,982	16,982	172,169
Water meter purchases	55,000	87,410	32,410	65,493
Water plant expansion	4,674,317	4,428,719	(245,598)	3,242,134
Sewer sales	1,674,435	1,448,785	(225,650)	1,566,939
Sewer tap fees	5,000	1,550	(3,450)	6,498
Sewer facility fees	500,000	576,107	76,107	477,085
Late penalty charges	110,000	167,089	57,089	128,832
New account service charges	50,000	57,530	7,530	57,663
Interest collected on tap fees	50	-	(50)	-
Inflow and infiltration fee	-	776,029	776,029	506,447
Onslow County leachate	40,000	56,715	16,715	38,219
Land application user charge	4,174,788	4,096,207	(78,581)	4,008,823
Land application late fee	45,000	52,305	7,305	50,877
Land application expansion	5,600,708	5,110,056	(490,652)	3,092,209
Miscellaneous operating revenue	286,416	286,262	(154)	322,685
Total	19,852,780	19,585,091	(267,689)	16,090,217
Nonoperating revenues:				
Interest earned on investments	142,500	73,060	(69,440)	206,548
Assessments collected	20	1,294	1,274	20
Interest collected on assessments	-	1,507	1,507	2
Sale of capital assets	27,000	25,779	(1,221)	38,400
Developer contributions	-	1,997,949	1,997,949	342,275
Internal transfer of assets	-	-	-	1,436
Total	169,520	2,099,589	1,930,069	588,681
Total revenues	20,022,300	21,684,680	1,662,380	16,678,898
Expenses:				
Water/Sewer operations				
Administration				
Salaries and employee benefits		194,644		228,482
Supplies		8,530		16,445
Insurance		755		2,501
Maintenance and repair		16		-
Contracted services-info technology		36,013		49,000
Contracted services		136,396		76,866
Other departmental expenses		168,774		224,705
Overhead allocation from General Fund		1,303,973		1,101,173
Bad debt expense		54,860		49,449
Total		1,903,961		1,748,621

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Engineering				
Salaries and employee benefits	\$ -	\$ 586,124	\$ -	\$ 500,037
Supplies		3,604		12,263
Insurance		3,770		1,809
Contracted services		45,252		68,250
Contracted services-info technology		25,957		45,733
Other departmental expenses		50,225		50,691
Total		714,932		678,783
Metering				
Salaries and employee benefits		257,210		248,107
Supplies		61,869		19,937
Insurance		3,143		3,016
Utilities		3,478		3,279
Maintenance and repair		49		233
Contracted services		38,810		735
Contracted services-info technology		11,798		26,133
Other departmental expenses		52,738		57,367
Total		429,095		358,807
Utilities Maintenance				
Salaries and employee benefits		1,190,706		1,087,272
Supplies		95,447		102,458
Insurance		12,976		11,252
Utilities		226,738		524,576
Maintenance and repair		628,523		583,676
Contracted services		379,656		75,792
Contracted services-info technology		37,756		68,600
Other departmental expenses		220,159		271,617
Total		2,791,961		2,725,243
Total Water/Sewer operations	7,225,264	5,839,949	1,385,315	5,511,454
Water Supply				
Salaries and employee benefits		515,558		369,728
Supplies		43,985		36,144
Insurance		21,480		15,248
Utilities		363,985		2,186
Maintenance and repair		51,437		905
Contracted services		19,288		29,552
Contracted services-info technology		28,317		91,467
Other departmental expenses		46,265		31,623
Total Water Supply	1,324,948	1,090,315	234,633	576,853

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009		Variance	2008
	Budget	Actual	Positive (Negative)	Actual
Wastewater Treatment				
Salaries and employee benefits	\$ -	\$ 673,050	\$ -	\$ 571,662
Supplies		158,973		117,990
Insurance		49,540		46,302
Utilities		475,172		434,534
Maintenance and repair		76,757		63,134
Contracted services		53,093		231,418
Contracted services-info technology		30,678		62,067
Other departmental expenses		183,227		131,070
Total Wastewater Treatment	1,820,085	1,700,490	119,595	1,658,177
Total	10,370,297	8,630,754	1,739,543	7,746,484
Budgetary appropriations:				
Interest paid	3,282,253	993,257	2,288,996	2,160,749
Debt principal	7,579,271	4,393,488	3,185,783	4,497,004
Increase (decrease) in inventory	-	(143,430)	143,430	(345,561)
(Increase) decrease in compensated absences payable	-	16,564	(16,564)	(47,664)
Increase (decrease) in prepaid expenses	-	(603)	603	603
Debt issued	(235,353)	(235,353)	-	(130,806)
Appropriated retained earnings	88,942	-	88,942	-
Transfers (in)--				
From Water/Sewer Capital Projects	(3,329,143)	(3,231,487)	(97,656)	(243,773)
From Non-Major Governmental Funds	(375,901)	(830,001)	454,100	(426,921)
Transfers out--				
To Water/Sewer Capital Projects	2,329,807	1,675,463	654,344	490,000
Non-capitalized expenses - projects	-	1,626,593	(1,626,593)	34,901
Capital outlay	312,127	308,800	3,327	195,175
Total budgetary appropriations	9,652,003	4,573,291	5,078,712	6,183,707
Total expenses	\$ 20,022,300	\$ 13,204,045	\$ 6,818,255	\$ 13,930,191

City of Jacksonville, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009		2008
	Budget	Actual	Variance Positive (Negative)
			Actual
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 21,684,680	\$ 16,678,898
Total expenses		13,204,045	13,930,191
Revenues over expenses		8,480,635	2,748,707
Budgetary appropriations (above):			
Payment of debt principal		4,393,488	4,497,004
Debt issued		(235,353)	(130,806)
Increase (decrease) in inventory		(143,430)	(345,561)
(Increase) decrease in compensated absences payable		16,564	(47,664)
Increase (decrease) in prepaid expenses		(603)	603
Capital outlay		308,800	195,175
Transfers		(1,556,024)	246,227
Total budgetary appropriations		2,783,442	4,414,978
Depreciation (Statement 38)		(5,802,292)	(5,682,734)
Increase in net assets (Statement 38)		\$ 5,461,785	\$ 1,480,951

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Water Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Water meter purchase	\$ 364,260	\$ 362,591	\$ (1,065)	\$ 361,526	\$ (2,734)
Investment earnings	114,688	82,661	-	82,661	(32,027)
ONWASA	100,250	-	-	-	(100,250)
Water plant DEH	-	-	18,552,977	18,552,977	18,552,977
Total revenues	579,198	445,252	18,551,912	18,997,164	18,417,966
Expenses:					
Water tank painting	774,200	740,396	-	740,396	33,804
Water line replacements	2,982,879	1,697,820	22,573	1,720,393	1,262,486
Lejeune Boulevard water	148,500	-	-	-	148,500
Fire protection water improvements	235,000	-	-	-	235,000
Million gallon water tank	1,928,003	1,928,003	-	1,928,003	-
Automated meter reading	3,603,652	3,488,463	147,766	3,636,229	(32,577)
Well rehabilitation	28,000	-	-	-	28,000
DOT construction water impact	51,080	49,660	-	49,660	1,420
Water treatment plant	41,826,096	10,657,547	21,929,509	32,587,056	9,239,040
Water interconnection ONWASA	200,500	-	-	-	200,500
Water interconnection MCB CLNC	107,000	-	-	-	107,000
Total expenses	51,884,910	18,561,889	22,099,848	40,661,737	11,223,173
Revenues (under) expenses	(51,305,712)	(18,116,637)	(3,547,936)	(21,664,573)	29,641,139
Other financing sources:					
Debt issued - Installment purchases	47,522,025	12,118,253	(4,593,250)	7,525,003	(39,997,022)
Transfers in--					
From Water/Sewer Fund	4,086,067	2,864,558	345,906	3,210,464	(875,603)
From Water/Sewer Capital Reserve	31,291	31,291	-	31,291	-
Transfers (out)--					
To Water/Sewer Fund	(333,671)	-	(236,015)	(236,015)	97,656
Total other financing sources (uses)	51,305,712	15,014,102	(4,483,359)	10,530,743	(40,774,969)
Excess of revenues and other sources over (under) expenses and other uses	\$ -	\$ (3,102,535)	\$ (8,031,295)	\$ (11,133,830)	\$ (11,133,830)

City of Jacksonville, North Carolina
Sewer Capital Projects Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 76,529	\$ 68,759	\$ -	\$ 68,759	\$ (7,770)
Inflow and infiltration fee	1,736,232	1,202,358	776,029	1,978,387	242,155
LTS expansion	-	-	7,765,950	7,765,950	7,765,950
Onslow County	15,575	-	-	-	(15,575)
Gain/loss insurance	69,000	69,000	-	69,000	-
Total revenues	1,897,336	1,340,117	8,541,979	9,882,096	7,984,760
Expenses:					
Sewer line replacements	6,790,444	3,717,939	331,708	4,049,647	2,740,797
Utilities operation center	4,793,697	4,760,118	33,126	4,793,244	453
DOT construction sewer impact	2,503,818	203,036	1,626,593	1,829,629	674,189
Pump station rehabilitation	10,563,346	2,476,006	72,335	2,548,341	8,015,005
Inflow/infiltration	4,831,022	3,830,957	97,193	3,928,150	902,872
Relocate utilities bypass	221,557	25,476	-	25,476	196,081
Land application expansion	44,155,607	11,014,007	16,468,480	27,482,487	16,673,120
Public Service Complex Phase II	682,600	4,620	85,438	90,058	592,542
Piney Green sewer service	6,826,875	-	158,263	158,263	6,668,612
Northwest interceptor	50,000	-	-	-	50,000
Collins Branch trunk extension	132,000	-	-	-	132,000
W/S station repairs	555,575	-	99,267	99,267	456,308
Total expenses	82,106,541	26,032,159	18,972,403	45,004,562	37,101,979
Revenues (under) expenses	(80,209,205)	(24,692,042)	(10,430,424)	(35,122,466)	45,086,739
Other financing sources (uses):					
Debt issued					
Installment purchases	76,323,572	13,815,410	-	13,815,410	(62,508,162)
Transfers in--					
From Water/Sewer Fund	7,024,341	5,644,784	1,329,557	6,974,341	(50,000)
From W/S Capital Reserve Fund	314,283	314,283	-	314,283	-
From W/S Capital Projects	500,000	500,000	-	500,000	-
From General Capital Reserve	495,600	41,500	454,100	495,600	-
Transfers (out)--					
To Water/Sewer Fund	(4,448,591)	(1,453,118)	(2,995,472)	(4,448,590)	1
Total other financing sources (uses)	80,209,205	18,862,859	(1,211,815)	17,651,044	(62,558,161)
Excess of revenues and other sources (under) expenses and other uses	\$ -	\$ (5,829,183)	\$ (11,642,239)	\$ (17,471,422)	\$ (17,471,422)

City of Jacksonville, North Carolina
Water/Sewer Capital Reserve Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Interest on investments	\$ 462,691	\$ 461,459	\$ 3,694	\$ 465,153	\$ 2,462
Total revenues	462,691	461,459	3,694	465,153	2,462
Expenses:					
Water supply and distribution	140,476	-	-	-	140,476
Sewage collection and treatment	58,598	-	-	-	58,598
Total expenses	199,074	-	-	-	199,074
Revenues over expenses	263,617	461,459	3,694	465,153	201,536
Other financing sources (uses):					
Transfers in--					
From Water/Sewer Fund	881,931	881,931	-	881,931	-
From Water Capital Projects	441,935	441,935	-	441,935	-
From Sewer Capital Projects	1,471,891	1,471,891	-	1,471,891	-
Transfers (out)--					
To Water/Sewer Fund	(500,000)	(500,000)	-	(500,000)	-
To Water Capital Projects	(270,291)	(270,291)	-	(270,291)	-
To Sewer Capital Projects	(1,249,083)	(1,249,083)	-	(1,249,083)	-
To General Capital Reserve Fund	(1,040,000)	(1,040,000)	-	(1,040,000)	-
Total other financing (uses)	(263,617)	(263,617)	-	(263,617)	-
Excess of revenues and other sources over expenses and other uses	\$ -	\$ 197,842	\$ 3,694	\$ 201,536	\$ 201,536

SOLID WASTE FUND

The Solid Waste Fund is used to account for solid waste collection operations in the City of Jacksonville that are financed through user charges.

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Net Assets
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 146,463	\$ 2,098,944
Accounts receivable (net)	170,629	185,987
Interfund receivables	2,794,578	1,117
Total Current Assets	<u>3,111,670</u>	<u>2,286,048</u>
Noncurrent Assets:		
Restricted cash and cash equivalents	280,444	352,361
Capital assets (net)	688,285	528,015
Total Noncurrent Assets	<u>968,729</u>	<u>880,376</u>
Total Assets	<u>4,080,399</u>	<u>3,166,424</u>
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	257,317	205,588
Interfund payable	48,301	70,590
Installment purchases payable - current	380,271	306,949
Compensated absences payable - current	5,916	387
Total Current Liabilities	<u>691,805</u>	<u>583,514</u>
Noncurrent Liabilities:		
Installment purchases payable - noncurrent	565,843	593,420
Other postemployment benefits	4,388	-
Compensated absences payable - noncurrent	73,738	73,351
Total Noncurrent Liabilities	<u>643,969</u>	<u>666,771</u>
Total Liabilities	<u>1,335,774</u>	<u>1,250,285</u>
Net Assets		
Invested in capital assets, net of related debt	228,485	273,918
Unrestricted	2,516,140	1,642,221
Total Net Assets	<u>\$ 2,744,625</u>	<u>\$ 1,916,139</u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Revenues, Expenses and Changes in Net Assets
For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Operating revenues:		
Charges for services	\$ 2,594,445	\$ 2,574,942
Total operating revenues	<u>2,594,445</u>	<u>2,574,942</u>
Operating expenses:		
Solid Waste Operations	4,519,978	4,465,073
Depreciation	<u>203,616</u>	<u>137,907</u>
Total operating expenses	<u>4,723,594</u>	<u>4,602,980</u>
Operating (loss)	<u>(2,129,149)</u>	<u>(2,028,038)</u>
Nonoperating revenues (expenses):		
Investment earnings	29,703	52,785
Gain on sale of fixed assets	20,278	26,737
Restricted revenue - State	23,295	-
Interest on long-term debt	<u>(33,469)</u>	<u>(36,624)</u>
Total nonoperating revenues	<u>39,807</u>	<u>42,898</u>
Income (loss) before transfers	<u>(2,089,342)</u>	<u>(1,985,140)</u>
Transfers:		
Transfers in	<u>2,917,828</u>	<u>3,029,134</u>
Total transfers	<u>2,917,828</u>	<u>3,029,134</u>
Change in Net Assets	828,486	1,043,994
Net Assets:		
Beginning of year, July 1	<u>1,916,139</u>	<u>872,145</u>
End of year, June 30	<u><u>\$ 2,744,625</u></u>	<u><u>\$ 1,916,139</u></u>

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,606,895	\$ 2,541,652
Cash paid for goods and services	(2,726,508)	(3,043,330)
Cash paid to employees	(1,728,529)	(1,436,339)
Net cash (used) by operating activities	<u>(1,848,142)</u>	<u>(1,938,017)</u>
Cash flows from noncapital financing activities:		
Restricted Intergovernmental - State	23,295	-
Transfers in	2,917,828	3,029,134
Advances from other funds	(22,289)	42,438
Advances (to) other funds	(2,793,461)	-
Net cash provided by noncapital financing activities	<u>125,373</u>	<u>3,071,572</u>
Cash flows from capital and related financing activities:		
Principal paid on long-term debt	(355,053)	(340,378)
Interest paid on long-term debt	(33,469)	(36,624)
Debt issued	400,798	347,012
Proceeds from sale of assets	20,278	26,737
Purchase of capital assets	(363,886)	(420,518)
Net cash provided by capital and related financing activities	<u>(331,332)</u>	<u>(423,771)</u>
Cash flows from investing activities:		
Interest earned on investments	<u>29,703</u>	<u>52,785</u>
Net cash provided by investing activities	<u>29,703</u>	<u>52,785</u>
Net increase (decrease) in cash and cash equivalents	(2,024,398)	762,569
Cash and cash equivalents, July 1	<u>2,451,305</u>	<u>1,688,736</u>
Cash and cash equivalents, June 30	<u><u>\$ 426,907</u></u>	<u><u>\$ 2,451,305</u></u>

Continued on next page.

City of Jacksonville, North Carolina
Solid Waste Fund
Comparative Statements of Cash Flows
For the Fiscal Years Ended June 30, 2009 and 2008

Statement 46,
continued.

	<u>2009</u>	<u>2008</u>
Reconciliation of operating (loss) to net cash (used) by operating activities		
Operating (loss)	<u>\$ (2,129,149)</u>	<u>\$ (2,028,038)</u>
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	203,616	137,907
Bad debt expense	2,908	2,809
Change in assets and liabilities:		
Increase (decrease) in compensated absences payable	5,916	14,076
Increase (decrease) in accounts payable and accrued liabilities	56,117	(31,481)
(Increase) decrease in accounts receivable	<u>12,450</u>	<u>(33,290)</u>
Total adjustments	<u>281,007</u>	<u>90,021</u>
Net cash (used) by operating activities	<u><u>\$ (1,848,142)</u></u>	<u><u>\$ (1,938,017)</u></u>

City of Jacksonville, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Operating revenues:				
Charges for sales and services:				
Commercial fees	\$ 1,931,742	\$ 1,885,669	\$ (46,073)	\$ 1,845,799
Commercial pickups	2,500	1,636	(864)	2,705
Residential fees	725,370	662,509	(62,861)	693,506
Other operating revenues	26,700	44,631	17,931	32,932
Total operating revenues	2,686,312	2,594,445	(91,867)	2,574,942
Nonoperating revenues:				
Restricted revenue - State	-	23,295	23,295	-
Gain (loss) on sale of fixed assets	20,000	20,278	278	26,737
Interest earned on investments	33,750	29,703	(4,047)	52,785
Total nonoperating revenues	53,750	73,276	19,526	79,522
Total revenues	2,740,062	2,667,721	(72,341)	2,654,464
Expenses:				
Salaries and employee benefits		1,500,520		1,450,415
Unleaded fuel		127,407		151,668
Maintenance and repair		224,056		223,439
Non-capital equipment		310		349
Contracted services - landfill		2,209,942		2,178,349
Contracted services - internal services		41,939		53,709
Bad debt expense		2,908		2,809
Overhead allocation from general fund		238,313		226,528
Other expenses		174,583		177,807
Total	5,218,651	4,519,978	698,673	4,465,073
Budgetary appropriations:				
Interest paid	41,779	33,469	8,310	36,624
Debt principal	373,404	355,053	18,351	340,378
(Increase) in compensated absences payable	-	(5,916)	5,916	(14,076)
Debt issued	(400,798)	(400,798)	-	(347,012)
Transfers (in)--				
From General Fund	(2,917,828)	(2,917,828)	-	(3,029,134)
Capital outlay	612,030	363,886	248,144	420,518
Appropriated retained earnings	(187,176)	-	(187,176)	-
Total budgetary appropriations	(2,478,589)	(2,572,134)	93,545	(2,592,702)
Total expenses	\$ 2,740,062	\$ 1,947,844	\$ 792,218	\$ 1,872,371

Continued on next page.

City of Jacksonville, North Carolina
Solid Waste Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
For the Fiscal Year Ended June 30, 2009
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009		2008
	Budget	Actual	Variance Positive (Negative)
			Actual
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 2,667,721	\$ 2,654,464
Total expenses		<u>1,947,844</u>	<u>1,872,371</u>
Excess of revenues over expenses		<u>719,877</u>	<u>782,093</u>
Budgetary appropriations (above):			
Payment of debt principal		355,053	340,378
Debt issued		(400,798)	(347,012)
(Increase) in compensated absences payable		(5,916)	(14,076)
Capital outlay		<u>363,886</u>	<u>420,518</u>
Total budgetary appropriations		<u>312,225</u>	<u>399,808</u>
Depreciation (Statement 45)		<u>(203,616)</u>	<u>(137,907)</u>
Change in Net Assets (Statement 45)		<u>\$ 828,486</u>	<u>\$ 1,043,994</u>

Note: Prepared on the budgetary basis, which is modified accrual.



NON-MAJOR FUNDS

- Non-Major Governmental Funds
- Non-Major Enterprise Funds
- Internal Service Funds



NON-MAJOR GOVERNMENTAL FUNDS

The Non-Major Governmental Combining Statements show a combined total for all non-major governmental funds.

INDIVIDUAL FUND DESCRIPTIONS

Community Development Fund:

Community Development Block Grant – accounts for the revenues and expenditures of Community Development Block Grant programs.

CREATE Project – accounts for the revenues and expenditures of the CREATE Project.

Continuum of Care Project – accounts for the revenues and expenditures of the Continuum of Care Project.

Economic Development Project – accounts for the revenues and expenditures of the Economic Development Project.

Affordable Housing Construction Project – accounts for the revenues and expenditures of the Affordable Housing Construction Project.

Public-Private Partnerships – accounts for the revenues and expenditures related to partnerships between the City and various local non-profit organizations.

Land Redevelopment Project – accounts for the revenues and expenditures related to the Land Redevelopment Project.

Law Enforcement Grants Fund:

School Resource Officer Grant – accounts for the revenues and expenditures of the School Resource Officer Program.

Bulletproof Vest Grant – accounts for the revenues and expenditures of the Bulletproof Vest Grant Program.

Governor's Highway Safety Grant – accounts for the revenues and expenditures of the Governor's Highway Safety Grant Program.

Federal DEA Project – accounts for the revenues and expenditures of the Federal DEA Project.

State DEA Project – accounts for the revenues and expenditures of the State DEA Project.

Investigative Overtime Grant – accounts for the revenues and expenditures of the Investigative Overtime Grant Program.

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Law Enforcement Grants Fund (continued):

Gang Enforcement/Prevention Grant – accounts for the revenues and expenditures of the Gang Enforcement/Prevention Grant Project.

Victim's Assistance Grant – accounts for the revenues and expenditures of the Victim's Assistance Grant Program.

Weed and Seed Grant – accounts for the revenues and expenditures of the Weed and Seed Grant Program.

Federal Treasury Seizures Grant – accounts for the revenues and expenditures of the Federal Treasury Seizures Grant Program.

E-911 Fund:

Emergency Telephone System Grant – accounts for the revenues and expenditures of the Enhanced 911 Operation.

Fire Grants Fund:

SAFER Grant – accounts for the revenues and expenditures of the Fire Department's SAFER Grant Program.

Transportation Fund:

City Transportation Project – accounts for the revenues and expenditures of the City Transportation Project.

Transit Implementation Plan Project – accounts for the revenues and expenditures of the Transit Implementation Plan Project.

Non-Capitalized Projects Fund:

NC Aquatic Weed Control Project – accounts for the revenues and expenditures of the NC Aquatic Weed Control Project.

Jacksonville Business Park Certification Project – accounts for the revenues and expenditures of the Jacksonville Business Park Certification Project.

Northeast Creek Lagoons Project – accounts for the revenues and expenditures of the Northeast Creek Lagoons Project.

Railroad Depot Repairs Project – accounts for the revenues and expenditures for repairs to the City's historic Railroad Depot.

NON-MAJOR GOVERNMENTAL FUNDS

(Continued)

Street Improvements Fund:

Dewitt Street Project – accounts for the revenues and expenditures of the Dewitt Street Project.

Streets Powell Bill Capital Project – accounts for the funds used in the rehabilitation of streets primarily funded by Powell Bill revenues.

Red Oak Culvert Project – accounts for the revenues and expenditures of the Red Oak Culvert Project.

General Capital Reserve Fund – accounts for funds reserved by City Council for future capital improvements.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2009
With Comparative Totals for June 30, 2008

	Community Development Fund				
	CDBG	CREATE Project	Continuum of Care	Affordable Housing Construction	Public Private Partnerships
Assets					
Cash and cash equivalents	\$ 3,022	\$ 112,449	\$ 24,750	\$ 340,249	\$ 20,784
Restricted cash and cash equivalents	-	-	-	-	-
Accounts receivable	11,152	-	-	-	-
Notes receivable	1,865,708	-	-	-	-
Interfund receivable	-	-	-	-	-
Total Assets	\$ 1,879,882	\$ 112,449	\$ 24,750	\$ 340,249	\$ 20,784
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	\$ 759,602	\$ 585	\$ -	\$ 25,261	\$ -
Interfund payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total Liabilities	759,602	585	-	25,261	-
Fund Balance - Reserved:					
Reserved by grantor	1,179,187	-	-	-	-
Reserved for encumbrances	58,471	-	-	30,003	-
Reserved for Powell Bill	-	-	-	-	-
Reserved for drug enforcement	-	-	-	-	-
Reserved for US agencies	-	-	-	-	-
Total Reserved	1,237,658	-	-	30,003	-
Unreserved/Designated					
Designated for subsequent year's expenditures:					
Special Revenue Funds	-	111,864	24,750	284,985	20,784
Capital Projects Fund - Streets	-	-	-	-	-
Capital Reserve Fund	-	-	-	-	-
Unreserved/Undesignated					
Special Revenue Funds	(117,378)	-	-	-	-
Total Fund Balance	1,120,280	111,864	24,750	314,988	20,784
Total Liabilities and Fund Balances	\$ 1,879,882	\$ 112,449	\$ 24,750	\$ 340,249	\$ 20,784

Community Development Fund		Law Enforcement Grants Fund				
Land Redevelopment	School Resource Officer	Bulletproof Vest	Federal DEA	State DEA	Gang Enforcement/ Prevention	Victim's Assistance Grant
\$ 22,000	\$ 152,713	\$ 41,978	\$ -	\$ -	\$ -	\$ -
-	-	-	33,583	100,990	-	-
-	-	-	-	-	3,977	6,726
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 22,000</u>	<u>\$ 152,713</u>	<u>\$ 41,978</u>	<u>\$ 33,583</u>	<u>\$ 100,990</u>	<u>\$ 3,977</u>	<u>\$ 6,726</u>
\$ -	\$ 7,632	\$ -	\$ -	\$ -	\$ -	\$ 931
-	1,159	-	-	-	406	4,396
-	-	-	-	-	-	-
<u>-</u>	<u>8,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>406</u>	<u>5,327</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	33,583	100,990	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	33,583	100,990	-	-
22,000	143,922	41,978	-	-	3,571	1,399
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>22,000</u>	<u>143,922</u>	<u>41,978</u>	<u>33,583</u>	<u>100,990</u>	<u>3,571</u>	<u>1,399</u>
<u>\$ 22,000</u>	<u>\$ 152,713</u>	<u>\$ 41,978</u>	<u>\$ 33,583</u>	<u>\$ 100,990</u>	<u>\$ 3,977</u>	<u>\$ 6,726</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2009
With Comparative Totals for June 30, 2008

	Law Enforcement Grants Fund		E-911 Fund	Fire Grants Fund
	Weed and Seed	Federal Treasury Seizures	Emergency Telephone System	SAFER Grant
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Restricted cash and cash equivalents	-	8,511	876,041	-
Accounts receivable	27,495	-	35,432	36,393
Notes receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total Assets	\$ 27,495	\$ 8,511	\$ 911,473	\$ 36,393
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 8,234	\$ -	\$ 9,031	\$ 17,093
Interfund payable	18,134	-	-	27,980
Deferred revenue	-	-	-	-
Total Liabilities	26,368	-	9,031	45,073
Fund Balance - Reserved:				
Reserved by grantor	-	-	-	-
Reserved for encumbrances	2,000	-	2,100	1,499
Reserved for Powell Bill	-	-	-	-
Reserved for drug enforcement	-	8,511	-	-
Reserved for US agencies	-	-	-	-
Total Reserved	2,000	8,511	2,100	1,499
Unreserved/Designated				
Designated for subsequent year's expenditures:				
Special Revenue Funds	-	-	900,342	-
Capital Projects Fund - Streets	-	-	-	-
Capital Reserve Fund	-	-	-	-
Unreserved/Undesignated				
Special Revenue Funds	(873)	-	-	(10,179)
Total Fund Balance	1,127	8,511	902,442	(8,680)
Total Liabilities and Fund Balances	\$ 27,495	\$ 8,511	\$ 911,473	\$ 36,393

Transportation Fund	Non-Capitalized Projects Fund			Street Improvements Fund	
	Jacksonville Business Park Certification	Northeast Creek Lagoons	Railroad Depot Repairs	Streets Powell Bill	Red Oak Culvert
\$ 199,992	\$ 667	\$ 189,225	\$ 13,714	\$ -	\$ -
-	-	-	-	2,914,375	45,000
147,582	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 347,574</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 13,714</u>	<u>\$ 2,914,375</u>	<u>\$ 45,000</u>
\$ 79,026	\$ -	\$ -	\$ -	\$ 526,632	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>79,026</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>526,632</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	2,387,743	45,000
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,387,743</u>	<u>45,000</u>
268,548	667	189,225	13,714	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>268,548</u>	<u>667</u>	<u>189,225</u>	<u>13,714</u>	<u>2,387,743</u>	<u>45,000</u>
<u>\$ 347,574</u>	<u>\$ 667</u>	<u>\$ 189,225</u>	<u>\$ 13,714</u>	<u>\$ 2,914,375</u>	<u>\$ 45,000</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Balance Sheet
June 30, 2009
With Comparative Totals for June 30, 2008

	General	Total	
	Capital Reserve Fund	June 30, 2009	June 30, 2008
Assets			
Cash and cash equivalents	\$ 1,375,679	\$ 2,497,222	\$ 3,149,879
Restricted cash and cash equivalents	3,491	3,981,991	3,046,920
Accounts receivable	2,600	271,357	281,167
Notes receivable	-	1,865,708	1,749,301
Interfund receivable	-	-	3,182
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 1,381,770</u>	<u>\$ 8,616,278</u>	<u>\$ 8,230,449</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ 1,434,027	\$ 730,256
Interfund payable	-	52,075	71,121
Deferred revenue	-	-	1,806
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>-</u>	<u>1,486,102</u>	<u>803,183</u>
Fund Balance - Reserved:			
Reserved by grantor	-	1,179,187	1,131,903
Reserved for encumbrances	-	94,073	622,765
Reserved for Powell Bill	3,491	2,436,234	2,372,178
Reserved for drug enforcement	-	143,084	132,793
Reserved for US agencies	-	-	1,730
	<hr/>	<hr/>	<hr/>
Total Reserved	<u>3,491</u>	<u>3,852,578</u>	<u>4,261,369</u>
Unreserved/Designated			
Designated for subsequent year's expenditures:			
Special Revenue Funds	-	2,027,749	1,373,692
Capital Projects Fund - Streets	-	-	36,062
Capital Reserve Fund	1,378,279	1,378,279	2,139,779
	<hr/>	<hr/>	<hr/>
Unreserved/Undesignated			
Special Revenue Funds	-	(128,430)	(383,636)
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>1,381,770</u>	<u>7,130,176</u>	<u>7,427,266</u>
Total Liabilities and Fund Balances	<u>\$ 1,381,770</u>	<u>\$ 8,616,278</u>	<u>\$ 8,230,449</u>



City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2009

With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Community Development Fund					
	CDBG	CREATE Project	Continuum of Care	Economic Development	Affordable Housing Construction	Public-Private Partnerships
Revenues:						
Restricted intergovernmental revenues	\$ 341,241	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	15	-	-	-	2,552	-
Miscellaneous	161,515	208,856	-	-	113,780	-
Total revenues	502,771	208,856	-	-	116,332	-
Expenditures:						
General Government	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-	-
Economic and Physical Development	518,280	64,921	300	-	164,914	92,013
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fees	-	-	-	-	-	-
Total expenditures	518,280	64,921	300	-	164,914	92,013
Revenues over (under) expenditures	(15,509)	143,935	(300)	-	(48,582)	(92,013)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	102,200
Transfers (out)	-	-	-	(54,100)	-	-
Total other financing sources (uses)	-	-	-	(54,100)	-	102,200
Net change in fund balance	(15,509)	143,935	(300)	(54,100)	(48,582)	10,187
Fund balances:						
Beginning of year, July 1	1,135,789	(32,071)	25,050	54,100	363,570	10,597
End of year, June 30	\$ 1,120,280	\$ 111,864	\$ 24,750	\$ -	\$ 314,988	\$ 20,784

Law Enforcement Grants Fund					
Land Redevelopment Project	School Resource Officer	Bulletproof Vest	Governor's Highway Safety	Federal DEA	State DEA
\$ -	\$ 247,566	\$ 7,393	\$ -	\$ 59,244	\$ 16,355
-	-	-	-	20	2,219
-	-	-	-	-	-
-	247,566	7,393	-	59,264	18,574
-	-	-	-	-	-
-	-	-	-	-	-
-	325,019	13,044	-	46,254	8,174
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	5,000
-	-	-	-	-	-
-	-	-	-	-	-
-	325,019	13,044	-	46,254	13,174
-	(77,453)	(5,651)	-	13,010	5,400
22,000	148,932	-	-	1,182	-
-	-	-	(2,190)	(3,551)	(5,750)
22,000	148,932	-	(2,190)	(2,369)	(5,750)
22,000	71,479	(5,651)	(2,190)	10,641	(350)
-	72,443	47,629	2,190	22,942	101,340
\$ 22,000	\$ 143,922	\$ 41,978	\$ -	\$ 33,583	\$ 100,990

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Law Enforcement Grants Fund				
	Investigative Overtime	Gang Enforcement/ Prevention	Victim's Assistance	Weed and Seed	Federal Treasury Seizures
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ 26,918	\$ 19,260	\$ 186,514	\$ -
Investment earnings	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total revenues	-	26,918	19,260	186,514	-
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	-	-	-	-
Public Safety	-	10,410	26,611	163,938	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	25,480	-	24,225	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	-	35,890	26,611	188,163	-
Revenues over (under) expenditures	-	(8,972)	(7,351)	(1,649)	-
Other financing sources (uses):					
Transfers in	-	3,551	8,750	2,776	-
Transfers (out)	(1,182)	-	-	-	-
Total other financing sources (uses)	(1,182)	3,551	8,750	2,776	-
Net change in fund balance	(1,182)	(5,421)	1,399	1,127	-
Fund balances:					
Beginning of year, July 1	1,182	8,992	-	-	8,511
End of year, June 30	\$ -	\$ 3,571	\$ 1,399	\$ 1,127	\$ 8,511

E-911 Fund Emergency Telephone System	Fire Grants Fund	Transportation Fund		Non-Capitalized Projects Fund	
	SAFER Grant	City Transportation Project	Transit Implementation Plan	NC Aquatic Weed Control	Jacksonville Business Park Certification
\$ 420,799	\$ 36,393	\$ 706,195	\$ 2,467	\$ -	\$ -
9,957	-	-	-	-	-
-	-	99,010	-	-	-
430,756	36,393	805,205	2,467	-	-
-	-	673,270	3,084	-	-
-	-	-	-	-	-
119,942	85,764	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	287,916	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
119,942	85,764	961,186	3,084	-	-
310,814	(49,371)	(155,981)	(617)	-	-
-	40,691	251,563	-	-	-
(2,925)	-	(68,179)	(5,504)	(3,000)	-
(2,925)	40,691	183,384	(5,504)	(3,000)	-
307,889	(8,680)	27,403	(6,121)	(3,000)	-
594,553	-	241,145	6,121	3,000	667
\$ 902,442	\$ (8,680)	\$ 268,548	\$ -	\$ -	\$ 667

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance

For the Fiscal Year Ended June 30, 2009

With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Non-Capitalized Projects Fund		Street Improvements Fund		
	Northeast Creek Lagoons	Railroad Depot Repairs	Dewitt Street	Streets Powell Bill	Red Oak Culvert
Revenues:					
Restricted intergovernmental revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Investment earnings	-	-	662	33,245	-
Miscellaneous	-	-	-	-	-
Total revenues	-	-	662	33,245	-
Expenditures:					
General Government	-	-	-	-	-
Public Works	-	11,286	-	659,535	-
Public Safety	-	-	-	-	-
Cultural and Recreational	-	-	-	-	-
Economic and Physical Development	-	-	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest and fees	-	-	-	-	-
Total expenditures	-	11,286	-	659,535	-
Revenues over (under) expenditures	-	(11,286)	662	(626,290)	-
Other financing sources (uses):					
Transfers in	-	25,000	-	626,855	45,000
Transfers (out)	-	-	(42,266)	-	-
Total other financing sources (uses)	-	25,000	(42,266)	626,855	45,000
Net change in fund balance	-	13,714	(41,604)	565	45,000
Fund balances:					
Beginning of year, July 1	189,225	-	41,604	2,387,178	-
End of year, June 30	\$ 189,225	\$ 13,714	\$ -	\$ 2,387,743	\$ 45,000

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures and
Changes in Fund Balance
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

		Totals	
	General Capital Reserve Fund	June 30, 2009	June 30, 2008
Revenues:			
Restricted intergovernmental revenues	\$ -	\$ 2,070,345	\$ 1,816,068
Investment earnings	51,112	99,782	227,984
Miscellaneous	628	583,789	430,019
Total revenues	51,740	2,753,916	2,474,071
Expenditures:			
General Government	-	676,354	610,603
Public Works	-	670,821	561,312
Public Safety	-	799,156	716,903
Cultural and Recreational	-	-	-
Economic and Physical Development	-	840,428	742,766
Capital outlay	-	342,621	177,751
Debt service:			
Principal retirement	-	-	68,037
Interest and fees	-	-	11,419
Total expenditures	-	3,329,380	2,888,791
Revenues over (under) expenditures	51,740	(575,464)	(414,720)
Other financing sources (uses):			
Transfers in	1,323,786	2,602,286	2,818,464
Transfers (out)	(2,135,265)	(2,323,912)	(2,465,878)
Total other financing sources (uses)	(811,479)	278,374	352,586
Net change in fund balance	(759,739)	(297,090)	(62,134)
Fund balances:			
Beginning of year, July 1	2,141,509	7,427,266	7,489,400
End of year, June 30	\$ 1,381,770	\$ 7,130,176	\$ 7,427,266

Reconciliation to Exhibit D:

Transfers in	\$ 2,602,286	Transfers out	\$ 2,323,912
Transfers within Non-Major Governmental funds	(97,877)	Transfers within Non-Major Governmental funds	(97,877)
	<u>\$ 2,504,409</u>		<u>\$ 2,226,035</u>

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Community Development Block Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Entitlement Grant 2007 CD0701					
Entitlement Grant 2007	\$ 513,745	\$ 558,968	\$ 341,241	\$ 900,209	\$ 386,464
Program income	181,423	1,268,479	161,515	1,429,994	1,248,571
Investment earnings	455	1,165	15	1,180	725
Total	695,623	1,828,612	502,771	2,331,383	1,635,760
Total revenues	695,623	1,828,612	502,771	2,331,383	1,635,760
Expenditures:					
Entitlement Grant 2007 CD0701					
Administration		122,892	92,143	215,035	
Housing rehabilitation		98,839	-	98,839	
Commercial rehabilitation		91	-	91	
Economic development		50,000	-	50,000	
Affordable housing		250,431	103	250,534	
Clearance		350	6,640	6,990	
Acquisition of property		11,564	-	11,564	
Rehabilitation planning		150,656	380,995	531,651	
Partnerships		8,000	38,399	46,399	
Total	695,623	692,823	518,280	1,211,103	(515,480)
Total expenditures	695,623	692,823	518,280	1,211,103	(515,480)
Revenues over (under) expenditures	-	1,135,789	(15,509)	1,120,280	1,120,280
Net change in fund balance	\$ -	\$ 1,135,789	(15,509)	\$ 1,120,280	\$ 1,120,280
Fund balance:					
Beginning of year, July 1			1,135,789		
End of year, June 30			\$ 1,120,280		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
CREATE Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Program income	\$ 473,676	\$ 264,819	\$ 208,856	\$ 473,675	\$ (1)
Total revenues	473,676	264,819	208,856	473,675	(1)
Expenditures:					
Affordable Housing		375,390	64,921	440,311	
Total expenditures	552,176	375,390	64,921	440,311	111,865
Revenues over (under) expenditures	(78,500)	(110,571)	143,935	33,364	111,864
Other financing sources:					
Transfers in--					
From Community Development Grant	78,500	78,500	-	78,500	-
Total other financing sources	78,500	78,500	-	78,500	-
Net change in fund balance	\$ -	\$ (32,071)	143,935	\$ 111,864	\$ 111,864
Fund balance:					
Beginning of year, July 1			(32,071)		
End of year, June 30			\$ 111,864		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Continuum of Care Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Continuum of Care		50	300	350	
Total expenditures	25,100	50	300	350	24,750
Revenues (under) expenditures	(25,100)	(50)	(300)	(350)	24,750
Other financing sources:					
Transfers in--					
From General Fund	25,100	25,100	-	25,100	-
Total other financing sources	25,100	25,100	-	25,100	-
Net change in fund balance	\$ -	\$ 25,050	(300)	\$ 24,750	\$ 24,750
Fund balance:					
Beginning of year, July 1			25,050		
End of year, June 30			\$ 24,750		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Economic Development Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Economic development		-	-	-	
Total expenditures		-	-	-	-
Revenues (under) expenditures	-	-	-	-	-
Other financing sources:					
Transfers in--					
From General Fund	54,100	54,100	-	54,100	-
Transfers (out)--					
To General Fund	(54,100)	-	(54,100)	(54,100)	-
Total other financing sources	54,100	54,100	(54,100)	54,100	-
Net change in fund balance	\$ 54,100	\$ 54,100	(54,100)	\$ 54,100	\$ -
Fund balance:					
Beginning of year, July 1			54,100		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Affordable Housing Construction Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Home CD0501					
Program income	\$ 767,699	\$ 447,383	\$ 113,780	\$ 561,163	\$ (206,536)
Investment earnings	12,698	5,697	2,552	8,249	(4,449)
Total revenues	780,397	453,080	116,332	569,412	(210,985)
Expenditures:					
Operating expenditures		173,863	164,914	338,777	
Total expenditures	864,768	173,863	164,914	338,777	525,991
Revenues over (under) expenditures	(84,371)	279,217	(48,582)	230,635	315,006
Other financing sources:					
Transfers in--					
From Affordable Home Ownership	84,371	84,353	-	84,353	(18)
Total other financing sources	84,371	84,353	-	84,353	(18)
Net change in fund balance	\$ -	\$ 363,570	(48,582)	\$ 314,988	\$ 314,988
Fund balance:					
Beginning of year, July 1			363,570		
End of year, June 30			\$ 314,988		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Public Private Partnerships
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		91,603	92,013	183,616	
Total expenditures	204,400	91,603	92,013	183,616	20,784
Revenues (under) expenditures	(204,400)	(91,603)	(92,013)	(183,616)	20,784
Other financing sources:					
Transfers in--					
From General Fund	204,400	102,200	102,200	204,400	-
Total other financing sources	204,400	102,200	102,200	204,400	-
Net change in fund balance	\$ -	\$ 10,597	10,187	\$ 20,784	\$ 20,784
Fund balance:					
Beginning of year, July 1			10,597		
End of year, June 30			\$ 20,784		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Land Redevelopment Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	-	-	
Total expenditures	22,000	-	-	-	22,000
Revenues (under) expenditures	(22,000)	-	-	-	22,000
Other financing sources:					
Transfers in--					
From Capital Reserve	22,000	-	22,000	22,000	-
Total other financing sources	22,000	-	22,000	22,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	22,000	<u>\$ 22,000</u>	<u>\$ 22,000</u>
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			<u>\$ 22,000</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
School Resource Officer Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2008

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Onslow County Board of Education	\$ 2,230,497	\$ 1,982,930	\$ 247,566	\$ 2,230,496	\$ (1)
Investment earnings	8,469	7,376	-	7,376	(1,093)
Total revenues	<u>2,238,966</u>	<u>1,990,306</u>	<u>247,566</u>	<u>2,237,872</u>	<u>(1,094)</u>
Expenditures:					
Salaries and employee benefits		2,419,574	304,011	2,723,585	
Operating expenditures		267,798	21,008	288,806	
Capital outlay		18,125	-	18,125	
Total expenditures	<u>3,175,531</u>	<u>2,705,497</u>	<u>325,019</u>	<u>3,030,516</u>	<u>145,015</u>
Revenues (under) expenditures	<u>(936,565)</u>	<u>(715,191)</u>	<u>(77,453)</u>	<u>(792,644)</u>	<u>143,921</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	1,083,743	934,811	148,932	1,083,743	-
Transfers (out)--					
To General Fund	(145,373)	(145,372)	-	(145,372)	1
To Special Revenue Fund- Hurricane Ophelia	(1,805)	(1,805)	-	(1,805)	-
Total other financing sources	<u>936,565</u>	<u>787,634</u>	<u>148,932</u>	<u>936,566</u>	<u>1</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 72,443</u>	<u>71,479</u>	<u>\$ 143,922</u>	<u>\$ 143,922</u>
Fund balance:					
Beginning of year, July 1			<u>72,443</u>		
End of year, June 30			<u>\$ 143,922</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Bulletproof Vest Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Bureau of Justice Grant	\$ 82,938	\$ 78,045	\$ 4,893	\$ 82,938	\$ -
NCLM Bulletproof Grant	14,750	12,250	2,500	14,750	-
Total revenues	97,688	90,295	7,393	97,688	-
Expenditures:					
Operating expenditures		160,347	13,044	173,391	
Total expenditures	215,369	160,347	13,044	173,391	41,978
Revenues (under) expenditures	(117,681)	(70,052)	(5,651)	(75,703)	41,978
Other financing sources:					
Transfers in--					
From General Fund	117,681	117,681	-	117,681	-
Total other financing sources	117,681	117,681	-	117,681	-
Net change in fund balance	\$ -	\$ 47,629	(5,651)	\$ 41,978	\$ 41,978
Fund balance:					
Beginning of year, July 1			47,629		
End of year, June 30			\$ 41,978		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Highway Safety Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Governor's Highway Safety Grant 2006	\$ 24,760	\$ 24,760	\$ -	\$ 24,760	\$ -
Total revenues	24,760	24,760	-	24,760	-
Expenditures:					
Governor's Highway Safety Grant 2006					
Operating expenditures		19,465	-	19,465	
Capital outlay		29,940	-	29,940	
Total expenditures	49,406	49,405	-	49,405	1
Revenues (under) expenditures	(24,646)	(24,645)	-	(24,645)	1
Other financing sources (uses):					
Debt issued	-	-	-	-	-
Transfers in--					
From General Fund	26,835	26,835	-	26,835	-
Transfers (out)--					
To General Fund	(2,189)	-	(2,190)	(2,190)	(1)
Total other financing sources (uses)	24,646	26,835	(2,190)	24,645	1
Net change in fund balance	\$ -	\$ 2,190	(2,190)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			2,190		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Federal DEA Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Drug enforcement	\$ 340,370	\$ 281,126	\$ 59,244	\$ 340,370	\$ -
Investment earnings	42,100	31,830	20	31,850	(10,250)
Total revenues	382,470	312,956	59,264	372,220	(10,250)
Expenditures:					
Operating expenditures		315,758	46,254	362,012	
Capital outlay		205,925	-	205,925	
Total expenditures	611,772	521,683	46,254	567,937	43,835
Revenues over (under) expenditures	(229,302)	(208,727)	13,010	(195,717)	33,585
Other financing sources (uses):					
Transfers in--					
From General Fund	245,167	245,166	-	245,166	(1)
From Special Revenue Fund	1,183	-	1,182	1,182	(1)
Transfers (out)--					
To Special Revenue Fund	(17,048)	(13,497)	(3,551)	(17,048)	-
Total other financing sources (uses)	229,302	231,669	(2,369)	229,300	(2)
Net change in fund balance	\$ -	\$ 22,942	10,641	\$ 33,583	\$ 33,583
Fund balance:					
Beginning of year, July 1			22,942		
End of year, June 30			\$ 33,583		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
State DEA Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Drug enforcement	\$ 80,463	\$ 69,216	\$ 16,355	\$ 85,571	\$ 5,108
Investment earnings	25,000	20,386	2,219	22,605	(2,395)
Total revenues	105,463	89,602	18,574	108,176	2,713
Expenditures:					
Operating expenditures		76,573	8,174	84,747	
Capital outlay		73,111	5,000	78,111	
Total expenditures	261,135	149,684	13,174	162,858	98,277
Revenues over (under) expenditures	(155,672)	(60,082)	5,400	(54,682)	100,990
Other financing sources (uses):					
Transfers in--					
From General Fund	161,422	161,422	-	161,422	-
Transfers (out)--					
To Special Revenue Fund	(5,750)	-	(5,750)	(5,750)	-
Total other financing sources (uses)	155,672	161,422	(5,750)	155,672	-
Net change in fund balance	\$ -	\$ 101,340	(350)	\$ 100,990	\$ 100,990
Fund balance:					
Beginning of year, July 1			101,340		
End of year, June 30			\$ 100,990		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Investigative Overtime Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investigative Overtime Grant	\$ 7,491	\$ 3,944	\$ -	\$ 3,944	\$ (3,547)
Total revenues	7,491	3,944	-	3,944	(3,547)
Expenditures:					
Salaries and employee benefits		5,259	-	5,259	
Total expenditures	8,805	5,259	-	5,259	3,546
Revenues (under) expenditures	(1,314)	(1,315)	-	(1,315)	(1)
Other financing sources (uses):					
Transfers in--					
From Special Revenue Fund	2,497	2,497	-	2,497	-
Transfers (out)--					
To Special Revenue Fund	(1,183)	-	(1,182)	(1,182)	1
Total other financing sources (uses)	1,314	2,497	(1,182)	1,315	1
Net change in fund balance	\$ -	\$ 1,182	(1,182)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			1,182		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Governor's Crime Commission Gang Enforcement Prevention Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Gang Enforcement Grant	\$ 43,652	\$ 6,023	\$ 26,918	\$ 32,941	\$ (10,711)
Total revenues	43,652	6,023	26,918	32,941	(10,711)
Expenditures:					
Salaries and employee benefits		1,118	5,916	7,034	
Operating expenditures		6,913	4,494	11,407	
Capital outlay		-	25,480	25,480	
Total expenditures	58,203	8,031	35,890	43,921	14,282
Revenues (under) expenditures	(14,551)	(2,008)	(8,972)	(10,980)	3,571
Other financing sources:					
Transfers in--					
From Special Revenue Fund	14,551	11,000	3,551	14,551	-
Total other financing sources	14,551	-	3,551	14,551	-
Net change in fund balance	\$ -	\$ 8,992	(5,421)	\$ 3,571	\$ 3,571
Fund balance:					
Beginning of year, July 1			8,992		
End of year, June 30			\$ 3,571		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Victim's Assistance Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Victim's Assistance Grant	\$ 26,124	\$ -	\$ 19,260	\$ 19,260	\$ (6,864)
Total revenues	26,124	-	19,260	19,260	(6,864)
Expenditures:					
Salaries and employee benefits		-	26,611	26,611	
Operating expenditures		-	-	-	
Total expenditures	34,874	-	26,611	26,611	8,263
Revenues (under) expenditures	(8,750)	-	(7,351)	(7,351)	1,399
Other financing sources:					
Transfers in--					
From General Fund	3,000	-	3,000	3,000	-
From Special Revenue Fund	5,750	-	5,750	5,750	-
Total other financing sources	8,750	-	8,750	8,750	-
Net change in fund balance	\$ -	\$ -	1,399	\$ 1,399	\$ 1,399
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 1,399		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Department of Justice Weed and Seed Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
FY08 Weed and Seed Grant PD0803					
Weed and Seed Grant	\$ 175,000	\$ 43,308	\$ 96,905	\$ 140,213	\$ (34,787)
Total	175,000	43,308	96,905	140,213	(34,787)
FY09 Weed and Seed Grant PD0901					
Weed and Seed Grant	150,000	-	89,609	89,609	(60,391)
Total	150,000	-	89,609	89,609	(60,391)
Total revenues	325,000	43,308	186,514	229,822	(95,178)
Expenditures:					
FY08 Weed and Seed Grant PD0803					
Salaries and employee benefits		31,810	20,931	52,741	
Operating expenditures		11,498	51,757	63,255	
Capital outlay		-	24,225	24,225	
Total	176,268	43,308	96,913	140,221	36,047
FY09 Weed and Seed Grant PD0901					
Salaries and employee benefits		-	59,780	59,780	
Operating expenditures		-	31,470	31,470	
Total	152,767	-	91,250	91,250	61,517
Total expenditures	329,035	43,308	188,163	231,471	97,564
Revenues (under) expenditures	(4,035)	-	(1,649)	(1,649)	2,386
Other financing sources:					
Transfers in--					
From General Fund	4,035	-	2,776	2,776	(1,259)
Total other financing sources	4,035	-	2,776	2,776	(1,259)
Net change in fund balance	\$ -	\$ -	1,127	\$ 1,127	\$ 1,127
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 1,127		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Federal Treasury Seizures
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Drug Enforcement	\$ 8,521	\$ 8,511	\$ -	\$ 8,511	\$ (10)
Total revenues	8,521	8,511	-	8,511	(10)
Expenditures:					
Operating expenditures		-	-	-	
Total expenditures	8,521	-	-	-	8,521
Revenues over expenditures	-	8,511	-	8,511	8,511
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,511</u>	-	<u>\$ 8,511</u>	<u>\$ 8,511</u>
Fund balance:					
Beginning of year, July 1			8,511		
End of year, June 30			<u>\$ 8,511</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Emergency Telephone System
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Phone surcharge fee	\$ 14,500	\$ 7,266	\$ 420,799	\$ 428,065	\$ 413,565
Investment earnings	575,846	212,943	9,957	222,900	(352,946)
Total revenues	590,346	220,209	430,756	650,965	60,619
Expenditures:					
Other departmental expenditures		59,402	119,942	179,344	
Capital outlay		11,642	-	11,642	
Total expenditures	1,032,811	71,044	119,942	190,986	841,825
Revenues over (under) expenditures	(442,465)	149,165	310,814	459,979	902,444
Other financing sources (uses):					
Transfers in--					
From Special Revenue Fund	445,390	445,388	-	445,388	(2)
Transfers (out)--					
To General Fund	(2,925)	-	(2,925)	(2,925)	-
Total other financing sources (uses)	442,465	445,388	(2,925)	442,463	(2)
Net change in fund balance	\$ -	\$ 594,553	307,889	\$ 902,442	\$ 902,442
Fund balance:					
Beginning of year, July 1			594,553		
End of year, June 30			\$ 902,442		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
SAFER Grant
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
SAFER Grant	\$ 195,623	\$ -	\$ 36,393	\$ 36,393	\$ (159,230)
Total revenues	195,623	-	36,393	36,393	(159,230)
Expenditures:					
Salaries and employee benefit		-	69,610	69,610	
Other department expenditures		-	16,154	16,154	
Total expenditures	236,314	-	85,764	85,764	150,550
Revenues (under) expenditures	(40,691)	-	(49,371)	(49,371)	(8,680)
Other financing sources:					
Transfers in--					
From General Fund	40,691	-	40,691	40,691	-
Total other financing sources	40,691	-	40,691	40,691	-
Net change in fund balance	\$ -	\$ -	(8,680)	\$ (8,680)	\$ (8,680)
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ (8,680)		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transportation Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

		Project	Actual			Variance
		Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:						
FY 2006-2007 Jacksonville Transit	TR0602					
NCDOT SMAP FY 2006-2007		\$ 136,677	\$ 136,676	\$ -	\$ 136,676	\$ (1)
FTA Section 5307		650,468	483,205	-	483,205	(167,263)
NCDOT State match		47,217	26,632	-	26,632	(20,585)
Jacksonville Transit fares		48,564	32,913	-	32,913	(15,651)
ADA fares		5,655	410	-	410	(5,245)
Total		<u>888,581</u>	<u>679,836</u>	<u>-</u>	<u>679,836</u>	<u>(208,745)</u>
FY 2007-2008 Loop	TR0801					
NCDOT SMAP FY 2007-2008		17,465	17,464	-	17,464	(1)
Loop fares		6,675	6,675	-	6,675	-
Investment earnings		91	91	-	91	-
Total		<u>24,231</u>	<u>24,230</u>	<u>-</u>	<u>24,230</u>	<u>(1)</u>
FY 2008-2009 Jacksonville Transit	TR0802					
NCDOT SMAP FY 2008-2009		152,709	-	152,708	152,708	(1)
NCDOT State match		180,460	-	25,361	25,361	(155,099)
FTA Section 5307		1,917,492	-	528,126	528,126	(1,389,366)
Jacksonville Transit fares		68,500	-	79,197	79,197	10,697
ADA fares		1,800	-	3,183	3,183	1,383
Miscellaneous		16,601	-	16,630	16,630	29
Total		<u>2,337,562</u>	<u>-</u>	<u>805,205</u>	<u>805,205</u>	<u>(1,532,357)</u>
Total revenues		<u>3,250,374</u>	<u>704,066</u>	<u>805,205</u>	<u>1,509,271</u>	<u>(1,741,103)</u>
Expenditures:						
FY 2006-2007 Jacksonville Transit	TR0602					
NCDOT SMAP FY 2006-2007						
Salaries and employee benefits			55,045	-	55,045	
Operating expenditures			398,659	-	398,659	
Capital outlay			337,170	-	337,170	
Refund to grantor			32,697	-	32,697	
Total		<u>1,001,164</u>	<u>823,571</u>	<u>-</u>	<u>823,571</u>	<u>177,593</u>

Continued on next page.

City of Jacksonville, North Carolina
Non-Major Governmental Funds
City Transportation Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
FY 2007-2008 Loop	TR0801				
NCDOT SMAP FY 2007-2008					
Salaries and employee benefits		\$ 6,330	\$ -	\$ 6,330	
Operating expenditures		35,365	-	35,365	
Total		<u>41,695</u>	<u>-</u>	<u>41,695</u>	<u>-</u>
FY 2008-2009 Jacksonville Transit	TR0802				
NCDOT SMAP FY 2007-2008					
Operating expenditures		-	673,270	673,270	
Capital outlay		-	287,916	287,916	
Total		<u>2,704,798</u>	<u>-</u>	<u>961,186</u>	<u>1,743,612</u>
Total expenditures		<u>3,747,657</u>	<u>865,266</u>	<u>961,186</u>	<u>1,921,205</u>
Revenues (under) expenditures		<u>(497,283)</u>	<u>(161,200)</u>	<u>(155,981)</u>	<u>180,102</u>
Other financing sources (uses):					
Transfers in--					
From General Fund		561,819	464,095	186,169	88,445
From Special Revenue Fund		65,394	-	65,394	-
Transfers (out)--					
To Special Revenue Fund		(65,394)	-	(65,394)	-
To General Fund		(64,536)	(61,750)	(2,785)	1
Total other financing sources:		<u>497,283</u>	<u>402,345</u>	<u>183,384</u>	<u>88,446</u>
Net change in fund balance		<u>\$ -</u>	<u>\$ 241,145</u>	<u>27,403</u>	<u>\$ 268,548</u>
Fund balance:					
Beginning of year, July 1			241,145		
End of year, June 30			<u>\$ 268,548</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Transit Implementation Plan Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
State-104F Transportation Grant	\$ 22,873	\$ 20,405	\$ 2,467	\$ 22,872	\$ (1)
FTA Section 5303 Grant	78,966	78,966	-	78,966	-
State-Section 5303 Grant	9,870	9,871	-	9,871	1
Investment earnings	29	28	-	28	(1)
Total revenues	111,738	109,270	2,467	111,737	(1)
Expenditures:					
Operating expenditures		124,214	3,084	127,298	
Total expenditures	127,299	124,214	3,084	127,298	1
Revenues (under) expenditures	(15,561)	(14,944)	(617)	(15,561)	-
Other financing sources:					
Transfers in--					
From General Fund	21,065	21,065	-	21,065	-
Transfers (out)--					
To General Fund	(5,504)	-	(5,504)	(5,504)	-
Total other financing sources (uses)	15,561	21,065	(5,504)	15,561	-
Net change in fund balance	\$ -	\$ 6,121	(6,121)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			6,121		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
NC Aquatic Weed Control Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	-	-	
Total expenditures	-	-	-	-	-
Revenues over (under) expenditures	-	-	-	-	-
Other financing sources (uses):					
Transfers in--					
From General Fund	3,000	3,000	-	3,000	-
Transfers (out)--					
To General Fund	(3,000)	-	(3,000)	(3,000)	-
Total other financing sources (uses)	-	3,000	(3,000)	-	-
Net change in fund balance	\$ -	\$ 3,000	(3,000)	\$ -	\$ -
Fund balance:					
Beginning of year, July 1			3,000		
End of year, June 30			\$ -		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Jacksonville Business Park Certification Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Sale of fixed assets	\$ 188,200	\$ 187,214	\$ -	\$ 187,214	\$ (986)
Total revenues	188,200	187,214	-	187,214	(986)
Expenditures:					
Operating expenditures		16,547	-	16,547	
Total expenditures	18,200	16,547	-	16,547	1,653
Revenues over expenditures	170,000	170,667	-	170,667	667
Other financing (uses):					
Transfers (out)--					
To Capital Reserve Fund	(170,000)	(170,000)	-	(170,000)	-
Total other financing (uses)	(170,000)	(170,000)	-	(170,000)	-
Net change in fund balance	\$ -	\$ 667	-	\$ 667	\$ 667
Fund balance:					
Beginning of year, July 1			667		
End of year, June 30			\$ 667		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Northeast Creek Lagoons Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		10,775	-	10,775	
Total expenditures	200,000	10,775	-	10,775	189,225
Revenues (under) expenditures	(200,000)	(10,775)	-	(10,775)	189,225
Other financing sources:					
Transfers in--					
From Proprietary Fund	200,000	200,000	-	200,000	-
Total other financing sources	200,000	200,000	-	200,000	-
Net change in fund balance	\$ -	\$ 189,225	-	\$ 189,225	\$ 189,225
Fund balance:					
Beginning of year, July 1			189,225		
End of year, June 30			\$ 189,225		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Railroad Depot Repairs Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Operating expenditures		-	11,286	11,286	
Total expenditures	25,000	-	11,286	11,286	13,714
Revenues (under) expenditures	(25,000)	-	(11,286)	(11,286)	13,714
Other financing sources:					
Transfers in--					
From General Fund	25,000	-	25,000	25,000	-
Total other financing sources	25,000	-	25,000	25,000	-
Net change in fund balance	\$ -	\$ -	13,714	\$ 13,714	\$ 13,714
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 13,714		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Dewitt Street Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 4,465	\$ 3,803	\$ 662	\$ 4,465	\$ -
Total revenues	<u>4,465</u>	<u>3,803</u>	<u>662</u>	<u>4,465</u>	<u>-</u>
Expenditures:					
Capital outlay:					
Other improvements		430,026	-	430,026	
Total expenditures	<u>430,026</u>	<u>430,026</u>	<u>-</u>	<u>430,026</u>	<u>-</u>
Revenues (under) expenditures	<u>(425,561)</u>	<u>(426,223)</u>	<u>662</u>	<u>(425,561)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in--					
From General Fund	304,000	304,000	-	304,000	-
From General Fund Powell Bill	163,827	163,827	-	163,827	-
Transfers (out)--					
To General Fund	<u>(42,266)</u>	<u>-</u>	<u>(42,266)</u>	<u>(42,266)</u>	<u>-</u>
Total other financing sources (uses)	<u>425,561</u>	<u>467,827</u>	<u>(42,266)</u>	<u>425,561</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 41,604</u>	<u>(41,604)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:					
Beginning of year, July 1			41,604		
End of year, June 30			<u>\$ -</u>		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Streets Powell Bill Capital Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Investment earnings	\$ 1,100,860	\$ 1,068,148	\$ 33,245	\$ 1,101,393	\$ 533
Contributions	321,000	321,000	-	321,000	-
Miscellaneous	66,767	66,767	-	66,767	-
Total revenues	1,488,627	1,455,915	33,245	1,489,160	533
Expenditures:					
Capital outlay:					
Other improvements		14,587,273	659,535	15,246,808	
Total expenditures	17,797,845	14,587,273	659,535	15,246,808	2,551,037
Revenues (under) expenditures	(16,309,218)	(13,131,358)	(626,290)	(13,757,648)	2,551,570
Other financing sources (uses):					
Appropriated fund balance	-	-	-	-	-
Transfers in--					
From General Fund	10,378,475	11,262,614	-	11,262,614	884,139
From General Fund - Powell Bill	6,039,383	4,364,562	626,855	4,991,417	(1,047,966)
From Capital Reserve Fund	352,208	352,208	-	352,208	-
From Community Development Fund	2,496	2,496	-	2,496	-
Transfers (out)--					
To General Fund	(463,344)	(463,344)	-	(463,344)	-
Total other financing sources	16,309,218	15,518,536	626,855	16,145,391	(163,827)
Net change in fund balance	\$ -	\$ 2,387,178	565	\$ 2,387,743	\$ 2,387,743
Fund balance:					
Beginning of year, July 1			2,387,178		
End of year, June 30			\$ 2,387,743		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
Red Oak Culvert Project
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Installment purchase	\$ 200,000	\$ -	\$ -	\$ -	\$ (200,000)
Total revenues	200,000	-	-	-	(200,000)
Expenditures:					
Operating expenditures					
Other improvements		-	-	-	
Total expenditures	245,000	-	-	-	245,000
Revenues (under) expenditures	(45,000)	-	-	-	45,000
Other financing sources:					
Transfers in--					
From General Fund	45,000	-	45,000	45,000	-
Total other financing sources	45,000	-	45,000	45,000	-
Net change in fund balance	\$ -	\$ -	45,000	\$ 45,000	\$ 45,000
Fund balance:					
Beginning of year, July 1			-		
End of year, June 30			\$ 45,000		

City of Jacksonville, North Carolina
Non-Major Governmental Funds
General Capital Reserve Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project	Actual			Variance
	Authorization	Prior Years	Current Year	Total to Date	Positive
					(Negative)
Revenues:					
Investment earnings	\$ 2,119,989	\$ 2,108,115	\$ 51,112	\$ 2,159,227	\$ 39,238
Investment earnings-Powell Bill	28,736	28,636	-	28,636	(100)
Onslow County Board of Education	53,000	53,000	-	53,000	-
Contributions from developers	199,182	197,554	628	198,182	(1,000)
Miscellaneous	38,000	-	-	-	(38,000)
Total revenues	2,438,907	2,387,305	51,740	2,439,045	138
Expenditures:					
Initiatives FY '99		-	-	-	
Reserve for debt retirement		-	-	-	
Reserve for recreation		-	-	-	
Total expenditures	1,288,235	-	-	-	1,288,235
Revenues over expenditures	1,150,672	2,387,305	51,740	2,439,045	1,288,373
Other financing sources (uses):					
Transfers in--					
From General Fund	15,265,249	14,237,426	1,027,823	15,265,249	-
From General Fund - Powell Bill	323,572	323,572	-	323,572	-
From Non-Capital Project Fund	170,000	170,000	-	170,000	-
From Capital Project Funds	429,643	133,252	295,963	429,215	(428)
From Water/Sewer Fund	5,435,346	5,435,346	-	5,435,346	-
From Water/Sewer Capital Projects	1,040,000	1,040,000	-	1,040,000	-
Transfers (out)--					
To General Fund	(6,418,305)	(5,813,718)	(510,764)	(6,324,482)	93,823
To Capital Project Fund	(13,954,795)	(13,182,294)	(772,500)	(13,954,794)	1
To Proprietary Fund	(2,819,382)	(1,989,380)	(830,001)	(2,819,381)	1
To Special Revenue Fund	(22,000)	-	(22,000)	(22,000)	-
To Non-Capital Project Fund	(600,000)	(600,000)	-	(600,000)	-
Total other financing (uses)	(1,150,672)	(245,796)	(811,479)	(1,057,275)	93,397
Net change in fund balance	\$ -	\$ 2,141,509	(759,739)	\$ 1,381,770	\$ 1,381,770
Fund balance:					
Beginning of year, July 1			2,141,509		
End of year, June 30			\$ 1,381,770		



NON-MAJOR ENTERPRISE FUNDS

The Non-Major Enterprise Funds are used to account for operations in the City of Jacksonville that are financed through user charges.

Individual Fund Description:

Stormwater/Water Quality Fund – accounts for funds used in the construction of facilities to manage stormwater runoff and maintain stormwater drainage ditches.

Stormwater/Water Quality Capital Project Fund – accounts for funds used in the Stormwater/Water Quality Capital Project.

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Net Assets
June 30, 2009
With Comparative Totals for June 30, 2008

	Stormwater/Water Quality Fund Totals	
	June 30, 2009	June 30, 2008
Assets		
Current Assets:		
Cash and cash equivalents	\$ 66,872	\$ 784,036
Accounts receivable (net)	108,836	122,838
Interfund receivable	976,658	289,594
Total Current Assets	1,152,366	1,196,468
Noncurrent Assets:		
Restricted cash and cash equivalents	161,351	98,838
Capital assets (net)	816,409	741,530
Total Noncurrent Assets	977,760	840,368
Total Assets	2,130,126	2,036,836
Liabilities		
Current Liabilities:		
Accounts payable and accrued liabilities	27,292	38,776
Installment purchases payable-current	104,645	70,872
Interfund payable	13,157	313,652
Compensated absences - current	3,786	2,165
Total Current Liabilities	148,880	425,465
Noncurrent Liabilities:		
Compensated absences payable	39,759	37,594
Installment purchases payable-noncurrent	240,086	201,977
Total Noncurrent Liabilities	279,845	239,571
Total Liabilities	428,725	665,036
Net Assets		
Invested in capital assets, net of related debt	633,029	567,519
Unrestricted	1,068,372	804,281
Total Net Assets	\$ 1,701,401	\$ 1,371,800

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Revenues, Expenses and Changes in Net Assets
 For the Fiscal Year Ended June 30, 2009
 With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Stormwater/Water Quality Fund Totals	
	June 30, 2009	June 30, 2008
Operating revenues:		
Total operating revenues	\$ 2,041,550	\$ 2,017,348
Operating expenses:		
Public Works	1,521,753	1,423,292
Depreciation	120,141	101,059
Total operating expenses	1,641,894	1,524,351
Operating income	399,656	492,997
Nonoperating revenues (expenses):		
Investment earnings	8,403	34,464
Gain on sale of fixed assets	8,206	-
Interest on long-term debt	(11,579)	(11,341)
Total nonoperating revenues	5,030	23,123
Income before transfers	404,686	516,120
Operating transfers		
Transfers (out)	(75,085)	(75,085)
Total transfers	(75,085)	(75,085)
Change in Net Assets	329,601	441,035
Net assets:		
Beginning of year, July 1	1,371,800	930,765
End of year, June 30	\$ 1,701,401	\$ 1,371,800

City of Jacksonville, North Carolina
Non-Major Enterprise Fund
Statement of Cash Flows

For the Fiscal Year Ended June 30, 2009

With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Stormwater/Water Quality Totals	
	June 30, 2009	June 30, 2008
Cash flows from operating activities:		
Cash received from customers	\$ 2,052,959	\$ 2,003,385
Cash paid for goods and services	(487,021)	(408,432)
Cash paid to employees	(1,039,837)	(975,689)
Net cash provided by operating activities	526,101	619,264
Cash flows from noncapital financing activities:		
Transfers (out)	(75,085)	(75,085)
Advances from other funds	(300,495)	297,594
Advances to other funds	(687,064)	(275,105)
Net cash (used) by noncapital financing activities	(1,062,644)	(52,596)
Cash flows from capital and related financing activities:		
Principal paid on long term debt	(89,123)	(67,176)
Interest paid on long term debt	(11,579)	(11,341)
Debt issued	161,005	84,466
Purchase of capital assets	(195,020)	(569,816)
Sale of fixed assets	8,206	-
Net cash (used) by capital and related financing activities	(126,511)	(563,867)
Cash flows from investing activities:		
Interest earned on investments	8,403	34,464
Net cash provided by investing activities	8,403	34,464
Net increase (decrease) in cash and cash equivalents	(654,651)	37,265
Cash and cash equivalents, July 1	882,874	845,609
Cash and cash equivalents, June 30	\$ 228,223	\$ 882,874
Reconciliation of operating gain to net cash provided by operating activities:		
Operating income	\$ 399,656	\$ 492,997
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:		
Depreciation	120,141	101,059
Bad debt expense	2,593	14,219
Change in assets and liabilities:		
Increase (decrease) in accrued vacation pay/payroll	3,786	6,326
(Increase) decrease in accounts receivable	11,409	(13,963)
Increase (decrease) in accounts payable	(11,484)	18,626
Total adjustments	126,445	126,267
Net cash provided by operating activities	\$ 526,101	\$ 619,264

City of Jacksonville, North Carolina
Stormwater/Water Quality Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009		2008
	Budget	Actual	Variance Positive (Negative)
			Actual
Revenues:			
Operating revenues:			
Commercial fees	\$ 1,375,400	\$ 1,356,822	\$ (18,578)
Residential fees	676,260	671,528	(4,732)
Application fees	-	13,200	13,200
Total operating revenues	<u>2,051,660</u>	<u>2,041,550</u>	<u>(10,110)</u>
Nonoperating revenues:			
Restricted - State	6,760	-	(6,760)
Interest earned on investments	5,250	8,403	3,153
Gain on sale of fixed assets	-	8,206	8,206
Total nonoperating revenues	<u>12,010</u>	<u>16,609</u>	<u>4,599</u>
Total revenues	<u>2,063,670</u>	<u>2,058,159</u>	<u>(5,511)</u>
Expenses:			
Stormwater/Water Quality			
Salaries and employee benefits		783,064	717,047
Supplies		50,451	44,608
Insurance		14,267	14,615
Maintenance and repair		23,733	21,101
Contracted services		168,931	78,888
Contracted services-internal service		37,324	56,367
Bad debt expense		2,593	14,219
Other expenses		180,831	211,479
Overhead allocation from General Fund		260,559	264,968
Total	<u>1,848,886</u>	<u>1,521,753</u>	<u>327,133</u>
Budgetary appropriations:			
Interest paid	155,751	11,579	144,172
Debt principal	242,945	89,123	153,822
(Increase) in compensated absences payable	-	(3,786)	3,786
Debt issued	(161,006)	(161,005)	(1)
Transfers out--			
To General Fund	75,085	75,085	-
To Capital Projects Fund	40,000	40,000	-
Capital outlay	188,506	14,904	173,602
Appropriated retained earnings	(326,497)	-	(326,497)
Total budgetary appropriations	<u>214,784</u>	<u>65,900</u>	<u>148,884</u>
Total expenses	<u>\$ 2,063,670</u>	<u>\$ 1,587,653</u>	<u>\$ 476,017</u>
			<u>\$ 1,747,843</u>

Continued on next page.

City of Jacksonville, North Carolina
Stormwater/Water Quality Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)
 For the Fiscal Year Ended June 30, 2009
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

Schedule 82,
 continued.

	2009		2008
	Budget	Actual	Variance Positive (Negative)
			Actual
Reconciliation of modified accrual basis to full accrual basis:			
Total revenues		\$ 2,058,159	\$ 2,051,812
Total expenses		<u>1,587,653</u>	<u>1,747,843</u>
Excess of revenues over expenses		<u>470,506</u>	<u>303,969</u>
Budgetary appropriations (above):			
Payment of debt principal		89,123	67,176
Debt issued		(161,005)	(84,466)
(Increase) in compensated absences payable		(3,786)	(6,326)
Transfer to Capital Project (Statement 83)		40,000	-
Capital outlay		<u>14,904</u>	<u>261,741</u>
Total budgetary appropriations		<u>(20,764)</u>	<u>238,125</u>
Depreciation (Statement 80)		<u>(120,141)</u>	<u>(101,059)</u>
Change in Net Assets (Statement 80)		<u>\$ 329,601</u>	<u>\$ 441,035</u>

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Stormwater/Water Quality Capital Project Fund
Schedule of Revenues, Expenses and
Budget and Actual (Non-GAAP)

From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Total revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Expenses:					
Capital outlay:					
Brynn Marr Area	1,613,136	90,517	6,698	97,215	1,515,921
Parkwood Area	2,578,867	277,523	173,418	450,941	2,127,926
Heritage Square	40,000	-	-	-	40,000
Total expenses	4,232,003	368,040	180,116	548,156	3,683,847
Revenues (under) expenses	(4,232,003)	(368,040)	(180,116)	(548,156)	3,683,847
Other financing sources:					
Debt Issued	4,126,003	-	-	-	(4,126,003)
Transfers in--					
From General Fund	66,000	66,000	-	66,000	-
From Proprietary Fund	40,000	-	40,000	40,000	-
Total other financing sources	4,232,003	66,000	40,000	106,000	(4,126,003)
Excess of revenues and other sources (under) expenses	\$ -	\$ (302,040)	\$ (140,116)	\$ (442,156)	\$ (442,156)



INTERNAL SERVICE FUNDS

The Internal Service Funds are used to account for services provided to other user departments.

Individual Fund Descriptions:

Fleet Maintenance Internal Service Fund – accounts for fleet management operations provided to City departments.

City Hall Maintenance Internal Service Fund – accounts for building maintenance operations provided to City departments.

Information Technology Services Internal Service Fund – accounts for data processing operations provided to City departments.

Information Technology Services Capital Project Fund – accounts for funds used in obtaining new hardware and software for data processing.

Video/Media Services Internal Service Fund – accounts for video and media operations provided to City departments and Onslow County.

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Net Assets
June 30, 2009
With Comparative Totals for June 30, 2008

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/Media Services	Totals	
					June 30, 2009	June 30, 2008
Assets						
Current Assets:						
Cash and cash equivalents	\$ 51,758	\$ 225,715	\$ 554,173	\$ 488,146	\$ 1,319,792	\$ 1,843,205
Accounts receivable (net)	230	1,104	1,702	19,809	22,845	45,179
Interfund receivables	224,011	88	570	88	224,757	289,744
Inventories	59,019	-	-	-	59,019	75,260
Prepaid items	-	-	300	-	300	1,078
Total Current Assets	335,018	226,907	556,745	508,043	1,626,713	2,254,466
Noncurrent Assets:						
Restricted cash and cash equivalents	-	-	-	-	-	164,064
Capital Assets:						
Capital assets (net)	23,889	-	220,364	60,727	304,980	459,210
Total Assets	358,907	226,907	777,109	568,770	1,931,693	2,877,740
Liabilities						
Current Liabilities:						
Accounts payable and accrued liabilities	37,612	11,909	72,543	14,302	136,366	102,126
Interfund payable	-	-	593	128	721	81,806
Current portion of long-term debt	6,245	-	98,115	8,989	113,349	179,069
Total Current Liabilities	43,857	11,909	171,251	23,419	250,436	363,001
Noncurrent Liabilities:						
Compensated absences payable	17,992	3,030	62,818	27,777	111,617	104,038
Noncurrent portion of long-term debt	976	-	8,352	-	9,328	122,677
Total Noncurrent Liabilities	18,968	3,030	71,170	27,777	120,945	226,715
Total Liabilities	62,825	14,939	242,421	51,196	371,381	589,716
Net Assets						
Invested in capital assets, net of related debt	16,668	-	113,897	51,738	182,303	321,528
Unrestricted	279,414	211,968	420,791	465,836	1,378,009	1,966,496
Total Net Assets	\$ 296,082	\$ 211,968	\$ 534,688	\$ 517,574	\$ 1,560,312	\$ 2,288,024

Note: Reconciliation of Interfund Receivable (Payable) to Exhibit F:

Interfund Receivable	\$ 224,757	Interfund Payable	\$ 721
Less interfund receivable within the Internal Service Funds	(721)	Less interfund payable within the Internal Service Funds	(721)
Exhibit F	<u>\$ 224,036</u>	Exhibit F	<u>\$ -</u>

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Net Assets
 For the Fiscal Year Ended June 30, 2009
 With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Totals	
					June 30, 2009	June 30, 2008
Operating revenues:						
Charges to other funds	\$ 1,762,212	\$ 224,199	\$ 1,439,438	\$ 293,774	\$ 3,719,623	\$ 4,654,011
Miscellaneous revenue	280	-	75	94,298	94,653	94,560
Total operating revenues	1,762,492	224,199	1,439,513	388,072	3,814,276	4,748,571
Operating expenses:						
Operations	1,741,429	212,021	2,056,092	256,788	4,266,330	3,951,055
Depreciation	13,417	-	242,291	25,330	281,038	347,039
Total operating expenses	1,754,846	212,021	2,298,383	282,118	4,547,368	4,298,094
Operating income (loss)	7,646	12,178	(858,870)	105,954	(733,092)	450,477
Nonoperating revenues (expenses):						
Investment earnings	7	3,204	16,582	5,023	24,816	47,206
Gain (loss) on sale of capital assets	-	-	10,781	(7,855)	2,926	(61,376)
Interest on long-term debt	(420)	-	(5,258)	(608)	(6,286)	(14,411)
Total nonoperating revenues	(413)	3,204	22,105	(3,440)	21,456	(28,581)
Income (loss) before transfers	7,233	15,382	(836,765)	102,514	(711,636)	421,896
Operating transfers:						
Transfers (out)	-	-	(16,076)	-	(16,076)	-
Total transfers	-	-	(16,076)	-	(16,076)	-
Net income (loss)	7,233	15,382	(852,841)	102,514	(727,712)	421,896
Net assets:						
Beginning of year, July 1	288,849	196,586	1,387,529	415,060	2,288,024	1,866,128
End of year, June 30	\$ 296,082	\$ 211,968	\$ 534,688	\$ 517,574	\$ 1,560,312	\$ 2,288,024

City of Jacksonville, North Carolina
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended June 30, 2009
With Comparative Totals for the Fiscal Year Ended June 30, 2008

	Fleet Maintenance	City Hall Maintenance	Information Technology Services	Video/ Media Services	Totals	
					June 30, 2009	June 30, 2008
Cash flows from operating activities:						
Cash receipts from interfund services provided	\$ 1,762,262	\$ 223,764	\$ 1,438,903	\$ 411,682	\$ 3,836,611	\$ 4,710,841
Cash payments for interfund services (used)	(1,713,222)	(207,018)	(2,036,930)	(250,321)	(4,207,491)	(3,950,734)
Net cash provided (used) by operating activities	49,040	16,746	(598,027)	161,361	(370,880)	760,107
Cash flows from noncapital financing activities:						
Transfers (out)	-	-	(16,076)	-	(16,076)	-
Advances from other funds	(48,486)	(182)	(32,045)	(371)	(81,084)	52,731
Advances (to) other funds	65,311	(58)	(238)	(28)	64,987	(32,070)
Net cash provided (used) by noncapital financing activities	16,825	(240)	(48,359)	(399)	(32,173)	20,661
Cash flows from capital and related financing activities:						
Principal paid on long-term debt	(13,794)	-	(152,223)	(13,053)	(179,070)	(306,605)
Interest paid on long-term debt	(420)	-	(5,258)	(608)	(6,286)	(14,411)
Debt issued	-	-	-	-	-	285,000
Purchase of capital assets	-	-	(84,925)	(49,740)	(134,665)	(218,376)
Proceeds from sale of assets	-	-	10,781	-	10,781	11,421
Net cash (used) for capital and related financing activities	(14,214)	-	(231,625)	(63,401)	(309,240)	(242,971)
Cash flows from investing activities:						
Interest earned on investments	7	3,204	16,582	5,023	24,816	47,206
Net cash provided by investing activities	7	3,204	16,582	5,023	24,816	47,206
Net increase (decrease) in cash and cash equivalents	51,658	19,710	(861,429)	102,584	(687,477)	585,003
Cash and cash equivalents, July 1	100	206,005	1,415,602	385,562	2,007,269	1,422,266
Cash and cash equivalents, June 30	\$ 51,758	\$ 225,715	\$ 554,173	\$ 488,146	\$ 1,319,792	\$ 2,007,269
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income	\$ 7,646	\$ 12,178	\$ (858,870)	\$ 105,954	\$ (733,092)	\$ 450,477
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	13,417	-	242,291	25,330	281,038	347,039
Change in assets and liabilities:						
Increase (decrease) in compensated absences payable	3,442	1,095	78	2,964	7,579	24,356
(Increase) decrease in prepaid expenses	-	-	600	179	779	2,078
Increase (decrease) in accounts payable	8,524	3,908	18,484	3,324	34,240	(2,637)
(Increase) decrease in inventories	16,241	-	-	-	16,241	(16,881)
(Increase) decrease accounts receivable	(230)	(435)	(610)	23,610	22,335	(44,325)
Total adjustments	41,394	4,568	260,843	55,407	362,212	309,630
Net cash provided (used) by operating activities	\$ 49,040	\$ 16,746	\$ (598,027)	\$ 161,361	\$ (370,880)	\$ 760,107

City of Jacksonville, North Carolina
Fleet Maintenance Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 4,500	\$ 7	\$ (4,493)	\$ 156
Charges for services	2,292,003	1,762,212	(529,791)	1,801,038
Sales of capital assets	7,000	-	(7,000)	(71,731)
Other operating revenues	-	280	280	640
Total revenues	2,303,503	1,762,499	(541,004)	1,730,103
Expenses:				
Salaries and employee benefits		460,244		431,522
Fuel		3,598		4,568
Utilities		23,740		21,735
Maintenance and repair		1,121,025		1,141,038
Other departmental expenses		132,822		147,380
Total	2,242,464	1,741,429	501,035	1,746,243
Budgetary appropriations:				
Interest paid	431	420	11	817
Debt principal	13,794	13,794	-	15,266
Increase (decrease) in inventory	-	16,241	(16,241)	16,881
(Increase) decrease in compensated absences payable	-	(3,442)	3,442	(1,456)
Capital outlay	5	-	5	6,094
Appropriated retained earnings	46,809	-	46,809	-
Total budgetary appropriations	61,039	27,013	34,026	37,602
Total expenses	\$ 2,303,503	\$ 1,768,442	\$ 535,061	\$ 1,783,845
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 1,762,499		\$ 1,730,103
Total expenses		1,768,442		1,783,845
Excess of revenues over (under) expenses		(5,943)		(53,742)
Budgetary appropriations (above):				
Payment of debt principal		13,794		15,266
Increase (decrease) in inventory		16,241		16,881
(Increase) decrease in compensated absences payable		(3,442)		(1,456)
Capital outlay		-		6,094
Total budgetary appropriations		26,593		36,785
Depreciation (Statement 85)		(13,417)		(13,575)
Net income (loss) (Statement 85)		\$ 7,233		\$ (30,532)

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
City Hall Maintenance Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 8,625	\$ 3,204	\$ (5,421)	\$ 6,777
Charges for services	224,196	224,199	3	229,839
Total revenues	232,821	227,403	(5,418)	236,616
Expenses:				
Salaries and employee benefits		66,763		42,422
Utilities		86,165		78,030
Maintenance and repair		10,776		9,573
Other departmental expenses		48,317		84,702
Total	232,046	212,021	20,025	214,727
Budgetary appropriations:				
(Increase) decrease in compensated absences payable		(1,095)	1,095	(614)
Appropriated retained earnings	775	-	775	-
Total budgetary appropriations	775	(1,095)	1,870	(614)
Total expenses	\$ 232,821	\$ 210,926	\$ 21,895	\$ 214,113
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 227,403		\$ 236,616
Total expenses		210,926		214,113
Excess of revenues over expenses		16,477		22,503
Budgetary appropriations (above):				
(Increase) decrease in compensated absences payable		(1,095)		(614)
Total budgetary appropriations		(1,095)		(614)
Net income (Statement 85)		\$ 15,382		\$ 21,889

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Information Technology Services Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 16,875	\$ 16,582	\$ (293)	\$ 29,700
Charges for services	2,159,138	1,439,438	(719,700)	2,342,205
Sales of capital assets	7,000	10,781	3,781	10,355
Other operating revenues	-	75	75	9,497
Total revenues	2,183,013	1,466,876	(716,137)	2,391,757
Expenses:				
Salaries and employee benefits		869,136		751,952
Fuel		539		372
Maintenance and repair		13,817		31,925
Contracted services		116,534		56,097
Other departmental expenses		1,056,066		946,884
Total	2,381,952	2,056,092	325,860	1,787,230
Budgetary appropriations:				
Interest paid	6,598	5,258	1,340	12,433
Debt principal	152,223	152,223	-	264,870
Debt issued	-	-	-	(220,000)
Transfers				
(In) from Capital Project Fund	(70)	(70)	-	(3,726)
Out to Capital Project Fund	40,000	40,000	-	40,000
Out to General Fund	-	16,076	(16,076)	-
(Increase) decrease in compensated absences payable	-	(78)	78	(4,899)
Increase (decrease) in prepaid expense	-	(600)	600	(2,256)
Capital outlay	84,925	84,925	-	126,117
Appropriated retained earnings	(482,615)	-	(482,615)	-
Total budgetary appropriations	(198,939)	297,734	(496,673)	212,539
Total expenses	\$ 2,183,013	\$ 2,353,826	\$ (170,813)	\$ 1,999,769
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 1,466,876		\$ 2,391,757
Total expenses		2,353,826		1,999,769
Excess of revenues over (under) expenses		(886,950)		391,988
Budgetary appropriations (above):				
Payment of debt principal		152,223		264,870
Debt issued		-		(220,000)
Transfer to Capital Project (Schedule 90)		39,930		36,274
(Increase) decrease in compensated absences payable		(78)		(4,899)
Increase (decrease) in prepaid expense		(600)		(2,256)
Capital outlay		84,925		126,117
Total budgetary appropriations		276,400		200,106
Depreciation (Statement 85)		(242,291)		(289,602)
Net income (Statement 85)		\$ (852,841)		\$ 302,492

Note: Prepared on the budgetary basis, which is modified accrual.

City of Jacksonville, North Carolina
Information Technology Services Capital Project Fund
Schedule of Revenues, Expenses and
Changes in Fund Balances - Budget and Actual (Non-GAAP)
 From Inception and for the Fiscal Year Ended June 30, 2009

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	\$ 18,423	\$ 9,699	\$ 214	\$ 9,913	\$ (8,510)
Total revenues	18,423	9,699	214	9,913	(8,510)
Expenses:					
Capital outlay					
Capital Acquisition DP0201	766,005	766,005	-	766,005	-
AS400 Life Cycle DP0601	260,787	167,613	-	167,613	93,174
Interactive Voice Response DP0701	139,374	130,777	-	130,777	8,597
Network Infrastructure DP0801	64,930	64,930	-	64,930	-
Total expenses	1,231,096	1,129,325	-	1,129,325	101,771
Revenues over (under) expenses	(1,212,673)	(1,119,626)	214	(1,119,412)	93,261
Other financing sources (uses):					
Debt issued	898,810	898,810	-	898,810	-
Transfers in--					
From ITS Fund	190,000	150,000	40,000	190,000	-
From General Fund	143,730	143,730	-	143,730	-
Transfer (out)--					
To ITS Fund	(3,791)	(3,726)	(70)	(3,796)	(5)
To General Fund	(16,076)	-	(16,076)	(16,076)	-
Total other financing sources	1,212,673	1,188,814	23,854	1,212,668	(5)
Excess of revenues and other sources over expenses	\$ -	\$ 69,188	\$ 24,068	\$ 93,256	\$ 93,256

City of Jacksonville, North Carolina
Video/Media Services Internal Service Fund
Schedule of Revenues and Expenses--
Budget and Actual (Non-GAAP)

For the Fiscal Year Ended June 30, 2009
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			2008
	Budget	Actual	Variance Positive (Negative)	Actual
Revenues:				
Investment earnings	\$ 6,375	\$ 5,023	\$ (1,352)	\$ 10,573
Charges for services	320,481	293,774	(26,707)	280,929
Sales of capital assets	-	(7,855)	(7,855)	-
Other operating revenues	75,000	94,298	19,298	84,423
Total revenues	401,856	385,240	(16,616)	375,925
Expenses:				
Salaries and employee benefits		141,516		146,567
Maintenance and repair		427		413
Contracted services		3,888		6,395
Other departmental expenses		110,957		49,480
Total	417,324	256,788	160,536	202,855
Budgetary appropriations:				
Interest paid	628	608	20	1,161
Debt principal	13,053	13,053	-	26,469
(Increase) decrease in compensated absences payable	-	(2,964)	2,964	(17,387)
Increase (decrease) in prepaid expense	-	(179)	179	-
Capital outlay	70,000	49,740	20,260	21,035
Appropriated retained earnings	(99,149)	-	(99,149)	-
Total budgetary appropriations	(15,468)	60,258	(75,726)	31,278
Total expenses	\$ 401,856	\$ 317,046	\$ 84,810	\$ 234,133
Reconciliation of modified accrual basis to full accrual basis:				
Total revenues		\$ 385,240		\$ 375,925
Total expenses		317,046		234,133
Excess of revenues over expenses		68,194		141,792
Budgetary appropriations (above):				
Payment of debt principal		13,053		26,469
Debt issued		-		-
(Increase) decrease in compensated absences payable		(2,964)		(17,387)
Increase (decrease) in prepaid expense		(179)		
Capital outlay		49,740		21,035
Total budgetary appropriations		59,650		30,117
Depreciation (Statement 85)		(25,330)		(43,862)
Net income (Statement 85)		\$ 102,514		\$ 128,047

Note: Prepared on the budgetary basis, which is modified accrual.



GOVERNMENTAL FUNDS CAPITAL ASSETS

The Governmental Funds Capital Assets account for capital assets used in the operation of Governmental Funds, other than those accounted for in the Proprietary Funds.



City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedules by Source
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Governmental funds capital assets:		
Land	\$ 1,989,884	\$ 1,985,324
Buildings	20,272,773	17,775,187
Equipment	5,712,225	5,507,706
Heavy equipment	502,424	359,116
Vehicles	7,874,808	7,269,338
Infrastructure	36,221,966	29,195,330
Improvements other than buildings	9,037,788	8,982,569
Construction in progress	<u>4,737,627</u>	<u>5,398,467</u>
Total governmental funds capital assets	<u>\$ 86,349,495</u>	<u>\$ 76,473,037</u>
Investment in governmental funds capital assets		
General Fund	\$ 40,763,523	\$ 39,466,783
Major Capital Project Fund	35,329,832	27,104,378
Non-Major Governmental Funds	3,241,711	2,887,447
Donations, court awards, etc.	<u>7,014,429</u>	<u>7,014,429</u>
Total investment in governmental funds capital assets	<u>\$ 86,349,495</u>	<u>\$ 76,473,037</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2009

	<u>Land</u>	<u>Buildings</u>	<u>Equipment</u>	<u>Heavy Equipment</u>	<u>Vehicles</u>
General Government:					
Human Resources	\$ -	\$ -	\$ 6,255	\$ -	\$ -
Finance	-	-	43,817	-	-
Planning	-	-	73,107	-	21,543
Other-Unclassified	1,244,888	8,658,681	148,239	-	-
Total General Government	<u>1,244,888</u>	<u>8,658,681</u>	<u>271,418</u>	<u>-</u>	<u>21,543</u>
Public Works:					
Inspections	-	-	24,889	-	154,586
Code Enforcement	-	-	-	-	42,234
Public Works	-	-	-	-	19,929
Engineering	-	-	35,621	-	12,456
Maintenance	-	10,689	79,590	-	239,711
Steets Powell Bill	67,500	100,209	24,188	187,311	98,282
Street Non-Powell Bill	-	-	281,380	212,731	498,437
Total Public Works	<u>67,500</u>	<u>110,898</u>	<u>445,668</u>	<u>400,042</u>	<u>1,065,635</u>
Public Safety:					
Police	2,757	838,850	3,957,918	5,995	3,214,050
Animal Control	-	22,173	-	-	-
Fire	27,000	2,134,776	658,437	18,111	2,627,452
Total Public Safety	<u>29,757</u>	<u>2,995,799</u>	<u>4,616,355</u>	<u>24,106</u>	<u>5,841,502</u>
Cultural and Recreational:					
Recreation	<u>647,739</u>	<u>8,425,352</u>	<u>378,784</u>	<u>78,276</u>	<u>287,739</u>
Economic Development:					
Economic Development	<u>-</u>	<u>82,043</u>	<u>-</u>	<u>-</u>	<u>658,389</u>
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental funds capital assets	<u>\$ 1,989,884</u>	<u>\$ 20,272,773</u>	<u>\$ 5,712,225</u>	<u>\$ 502,424</u>	<u>\$ 7,874,808</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

Infrastructure	Improvements other than Buildings	Construction in Progress	Total
\$ -	\$ -	\$ -	\$ 6,255
-	-	-	43,817
-	-	-	94,650
-	194,397	-	10,246,205
-	194,397	-	10,390,927
-	-	-	179,475
-	-	-	42,234
12,433,608	-	-	12,453,537
-	-	-	48,077
-	-	-	329,990
21,448,122	-	-	21,925,612
397,460	-	-	1,390,008
34,279,190	-	-	36,368,933
-	13,485	-	8,033,055
-	-	-	22,173
-	-	-	5,465,776
-	13,485	-	13,521,004
1,942,776	8,829,906	-	20,590,572
-	-	-	740,432
-	-	4,737,627	4,737,627
\$ 36,221,966	\$ 9,037,788	\$ 4,737,627	\$ 86,349,495

City of Jacksonville, North Carolina
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes By Function and Activity
For the Fiscal Year Ended June 30, 2009

	Capital Assets 2008	Additions	Deductions	Transfers	Capital Assets 2009
General Government:					
Human Resources	\$ 6,255	\$ -	\$ -	\$ -	\$ 6,255
Finance	27,161	16,656	-	-	43,817
Planning	146,843	-	22,960	(29,233)	94,650
Other-unclassified	10,175,893	70,312	-	-	10,246,205
Total General Government	10,356,152	86,968	22,960	(29,233)	10,390,927
Public Works:					
Inspections	190,717	16,758	14,999	(13,001)	179,475
Code Enforcement	-	-	-	42,234	42,234
Public Works	6,150,254	6,303,283	-	-	12,453,537
Engineering	29,800	18,277	-	-	48,077
Maintenance	588,654	-	-	(258,664)	329,990
Streets	21,291,050	723,353	31,379	(57,412)	21,925,612
Streets Non-Powell Bill	1,131,024	244,642	-	14,342	1,390,008
Total Public Works	29,381,499	7,306,313	46,378	(272,501)	36,368,933
Public Safety:					
Police	7,585,647	662,684	228,762	13,486	8,033,055
Animal Control	22,173	-	-	-	22,173
Fire	5,432,577	72,917	39,718	-	5,465,776
Total Public Safety	13,040,397	735,601	268,480	13,486	13,521,004
Cultural and Recreational:					
Recreation	17,844,006	2,509,369	7,125	244,322	20,590,572
Economic Development:					
Economic Development	452,516	287,916	-	-	740,432
Construction in progress	5,398,467	1,198,819	1,859,659	-	4,737,627
Total governmental funds capital assets	<u>\$ 76,473,037</u>	<u>\$ 12,124,986</u>	<u>\$ 2,204,602</u>	<u>\$ (43,926)</u>	<u>\$ 86,349,495</u>

Note: This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in the Internal Service Funds are excluded from the above amounts. Generally, the capital assets of the Internal Service Funds are included as governmental activities in the statement of net assets.

ADDITIONAL FINANCIAL DATA

This section contains the following:

Additional information on property taxes, interfund transfers, and cash and investments.

- * Schedule of Cash and Investment Balances
- * Schedule of Ad Valorem Taxes Receivable
- * Analysis of Current Tax Levy

City of Jacksonville, North Carolina
Schedule of Cash and Investment Balances
June 30, 2009

	Amounts Presented on Statements	Cost Value	Fair Value
Cash:			
On hand	\$ 7,581	\$ 7,581	\$ 7,581
In time deposits			
Certificates of deposit	639,673	639,673	639,673 (a)
NOW, SuperNOW, and money market	<u>6,843,948</u>	<u>6,843,948</u>	<u>6,843,948</u>
Total cash	<u>7,491,202</u>	<u>7,491,202</u>	<u>7,491,202</u>
Other Investments:			
North Carolina Capital Management Trust	10,588,652	10,588,652	10,588,652
Certificates of Deposit	2,000,000	2,000,000	2,000,000
US Government Agencies (FHLMC & FNMA)	1,645,317	1,640,054	1,645,317
[Registered in the City's name and held by the City's agent in the City's name]			
Commercial Paper	1,992,844	1,992,844	1,992,844
[Held by the City's agent in the City's name]			
Total other investments	<u>16,226,813</u>	<u>16,221,550</u>	<u>16,226,813</u>
Total cash and investments	<u><u>\$ 23,718,015</u></u>	<u><u>\$ 23,712,752</u></u>	<u><u>\$ 23,718,015</u></u>
Distribution by Classification:			
Major General:			
Unrestricted		\$ 10,143,603	
Restricted		<u>1,617,186</u>	\$ 11,760,789
Major Capital Projects			
Unrestricted		2,630,304	
Restricted		<u>-</u>	2,630,304
Major Water and Sewer:			
Unrestricted		534,833	
Restricted		<u>10,145</u>	544,978
Major Solid Waste			
Unrestricted		146,463	
Restricted		<u>280,444</u>	426,907
Non-Major Governmental:			
Unrestricted		2,497,222	
Restricted		<u>3,981,991</u>	6,479,213
Non-Major Enterprise			
Unrestricted		66,872	
Restricted		<u>161,351</u>	228,223
Internal Service:			
Unrestricted		1,319,792	
Restricted		<u>-</u>	1,319,792
Trust			<u>327,809</u>
Total			<u><u>\$ 23,718,015</u></u>

(a) \$625,000 Certificate of Deposit is a compensating balance requirement and is non-interest bearing, and \$14,673 Certificate of Deposit is a surety deposit held in the City's name on a developer's behalf.

City of Jacksonville, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2009

Fiscal Year	Uncollected Balance June 30, 2008	Additions	Collections and Credits	Uncollected Balance June 30, 2009
2008-09	\$ -	\$ 17,426,095	\$ 16,682,062	\$ 744,033
2007-08	548,828	-	316,393	232,435
2006-07	144,280	-	32,618	111,662
2005-06	316,751	-	17,971	298,780
2004-05	197,384	-	4,435	192,949
2003-04	74,203	-	3,404	70,799
2002-03	79,109	-	1,593	77,516
2001-02	72,868	-	1,622	71,246
2000-01	62,361	-	676	61,685
1999-00	66,172	-	1,205	64,967
1998-99	55,285	-	55,285	-
	<u>\$ 1,617,241</u>	<u>\$ 17,426,095</u>	<u>\$ 17,117,264</u>	<u>1,926,072</u>
Less allowance for uncollected ad valorem taxes receivable				<u>336,710</u>
Ad valorem taxes receivable - net				<u>\$ 1,589,362</u>
Reconcilement with revenues:				
Taxes - ad valorem - general fund		\$ 16,972,721		
Penalties and interest		<u>126,741</u>	\$ 17,099,462	
Reconciling items:				
Discoveries and abatements - net			32,650	
Taxes written off			54,577	
Refunds			9,133	
Interest collected			<u>(78,558)</u>	
Total collections and credits per above			<u>\$ 17,117,264</u>	

City of Jacksonville, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2009

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	\$ 2,612,282,607	0.626	\$ 16,352,889	\$ 15,225,016	\$ 1,127,873
Registered motor vehicles taxed at prior year's rate	90,209,030	0.626	564,709	-	564,709
County adjustments	-		(59,929)	(59,929)	-
Penalties	-		52,464	52,464	-
	<u>2,702,491,637</u>		<u>16,910,133</u>	<u>15,217,551</u>	<u>1,692,582</u>
Discoveries:					
Current year taxes	92,294,625	0.626	577,764	554,278	23,486
Prior year taxes	-		128,728	121,228	7,500
Total	<u>92,294,625</u>		<u>706,492</u>	<u>675,506</u>	<u>30,986</u>
Abatements	<u>(30,435,936)</u>		<u>(190,530)</u>	<u>(167,043)</u>	<u>(23,487)</u>
Total Property Valuation	<u>\$ 2,764,350,326</u>				
Net Levy			17,426,095	15,726,014	1,700,081
Less uncollected tax at June 30, 2009 (Schedule 96)			<u>(744,033)</u>	<u>(367,830)</u>	<u>(376,203)</u>
Current year's taxes collected			<u>\$ 16,682,062</u>	<u>\$ 15,358,184</u>	<u>\$ 1,323,878</u>
Percent current year collected			<u>95.73%</u>	<u>97.66%</u>	<u>77.87%</u>

STATISTICAL SECTION

Schedules presented in the Statistical Section differ from financial statements because they usually cover more than one fiscal year and may present nonaccounting data. The Statistical Section reflects social and economic data, financial trends and the fiscal capacity of the City.

Contents

Financial Trends (Tables 1-4)

These tables contain trend information to help the reader understand how the City's financial performance has changed over time.

Revenue Capacity (Tables 5-9)

These tables contain information to help the reader assess the City's ability to generate revenue.

Debt Capacity (Tables 10-12)

Information is presented to help the reader assess the City's ability to sustain the current levels of debt as well as its ability to issue additional debt in the future.

Demographic and Economic Information (Tables 13-14)

These tables offer trends in demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information (Tables 15-17)

These tables contain information about the City's service levels and capital assets, to include infrastructure, to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

City of Jacksonville, North Carolina
Net Assets by Component
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 16,427,325	\$ 15,912,944	\$ 23,213,667	\$ 25,150,834
Restricted	4,573,546	2,502,145	2,273,770	2,197,646
Unrestricted	21,550,113	26,817,769	23,434,735	25,768,740
Total governmental activities net assets	<u>\$ 42,550,984</u>	<u>\$ 45,232,858</u>	<u>\$ 48,922,172</u>	<u>\$ 53,117,220</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 38,166,483	\$ 39,690,632	\$ 41,903,685	\$ 48,924,397
Unrestricted	8,125,218	8,622,958	8,413,512	1,357,170
Total business-type activities net assets	<u>\$ 46,291,701</u>	<u>\$ 48,313,590</u>	<u>\$ 50,317,197</u>	<u>\$ 50,281,567</u>
Primary government				
Invested in capital assets, net of related debt	\$ 54,593,808	\$ 55,603,576	\$ 65,117,352	\$ 74,075,231
Restricted	4,573,546	2,502,145	2,273,770	2,197,646
Unrestricted	29,675,331	35,440,727	31,848,247	27,125,910
Total primary government net assets	<u>\$ 88,842,685</u>	<u>\$ 93,546,448</u>	<u>\$ 99,239,369</u>	<u>\$ 103,398,787</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 1

Fiscal Year		
2007	2008	2009
\$ 36,483,370	\$ 40,051,639	\$ 44,298,070
2,439,679	3,112,204	3,679,410
25,048,407	23,079,617	25,723,916
<u>\$ 63,971,456</u>	<u>\$ 66,243,460</u>	<u>\$ 73,701,396</u>
\$ 48,250,136	\$ 53,959,462	\$ 70,678,265
4,797,748	2,054,402	(8,044,529)
<u>\$ 53,047,884</u>	<u>\$ 56,013,864</u>	<u>\$ 62,633,736</u>
\$ 84,733,506	\$ 94,011,101	\$ 114,976,335
2,439,679	3,112,204	3,679,410
29,846,155	25,134,019	17,679,387
<u>\$ 117,019,340</u>	<u>\$ 122,257,324</u>	<u>\$ 136,335,132</u>

City of Jacksonville, North Carolina
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Expenses				
General Government	\$ 4,730,840	\$ 5,602,600	\$ 6,035,971	\$ 6,477,418
Public Works	5,109,369	4,840,332	5,113,799	5,536,593
Public Safety	12,097,573	12,422,979	13,273,334	13,814,184
Economic and Physical Development	1,527,230	844,064	511,075	1,638,189
Environmental Protection	2,201,681	2,349,732	1,886,369	1,434
Cultural and Recreational	2,375,623	2,461,843	2,708,993	2,750,376
Interest on long-term debt	422,513	450,266	348,277	307,290
Total expenses	<u>28,464,829</u>	<u>28,971,816</u>	<u>29,877,818</u>	<u>30,525,484</u>
Program Revenues				
Charges for services:				
General Government	59,648	514,483	558,842	640,309
Public Works	371,541	511,145	645,046	571,493
Public Safety	290,451	50,249	62,684	64,820
Environmental Protection	47,499	56,368	-	-
Cultural and Recreational	207,644	232,775	269,760	289,996
Operating grants and contributions	4,259,247	3,696,896	2,789,477	3,675,947
Capital grants and contributions	424,171	-	284,282	465,512
Total program revenues	<u>5,660,201</u>	<u>5,061,916</u>	<u>4,610,091</u>	<u>5,708,077</u>
Total Governmental Activities Net Program Expense	<u>(22,804,628)</u>	<u>(23,909,900)</u>	<u>(25,267,727)</u>	<u>(24,817,407)</u>
General Revenues and Other Changes in Net Assets				
Taxes				
Property taxes	10,573,646	11,039,380	11,558,873	12,257,692
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336
E-911 surcharge	433,023	351,933	380,125	367,294
Franchise tax	316,994	243,492	298,129	422,752
Gross receipts tax on short-term vehicle leases	72,801	83,085	78,488	98,316
Unrestricted grants and contributions	3,553,126	2,022,642	1,923,562	2,009,963
Investment earnings	406,151	308,172	594,463	844,477
Miscellaneous	417,465	1,571,161	3,079,850	2,076,432
Transfers	397,460	(107,872)	(1,316,668)	(2,461,530)
Total general revenues and other changes in net assets	<u>24,887,426</u>	<u>26,591,774</u>	<u>28,952,074</u>	<u>29,022,732</u>
Total Governmental Activities Change in Net Assets	<u>\$ 2,082,798</u>	<u>\$ 2,681,874</u>	<u>\$ 3,684,347</u>	<u>\$ 4,205,325</u>

Table 2

Fiscal Year		
2007	2008	2009
\$ 6,347,845	\$ 5,366,793	\$ 5,517,241
5,197,251	5,284,092	5,786,244
14,843,992	16,607,850	18,040,904
309,052	746,743	851,295
5,200	-	-
3,080,676	3,570,991	4,129,539
252,897	361,140	311,838
<u>30,036,913</u>	<u>31,937,609</u>	<u>34,637,061</u>
705,226	779,463	901,203
795,696	741,442	724,790
85,997	117,753	137,236
-	-	-
328,895	401,834	440,391
2,763,818	3,824,357	3,692,813
1,386,287	1,266,935	6,677,474
<u>6,065,919</u>	<u>7,131,784</u>	<u>12,573,907</u>
<u>(23,970,994)</u>	<u>(24,805,825)</u>	<u>(22,063,154)</u>
13,541,986	16,556,839	17,395,985
13,185,671	8,507,654	10,707,904
420,799	423,724	420,799
310,819	2,623,543	3,188,160
104,109	114,395	114,171
2,621,639	420,995	-
1,264,390	1,139,000	435,342
6,124,021	672,649	931,473
<u>(2,747,247)</u>	<u>(3,380,970)</u>	<u>(3,672,744)</u>
<u>34,826,187</u>	<u>27,077,829</u>	<u>29,521,090</u>
<u>\$ 10,855,193</u>	<u>\$ 2,272,004</u>	<u>\$ 7,457,936</u>

Continued on next page.

City of Jacksonville, North Carolina
Changes in Net Assets
Last Seven Fiscal Years
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<u>Business-type Activities:</u>				
Expenses				
Water and Sewer	\$ 9,731,734	\$ 10,231,168	\$ 11,631,347	\$ 12,976,043
Solid Waste Disposal	1,445,894	1,495,813	2,179,578	4,867,176
Stormwater/Water Quality	-	100,993	227,645	386,700
Total expenses	<u>11,177,628</u>	<u>11,827,974</u>	<u>14,038,570</u>	<u>18,229,919</u>
Revenues				
Charges for services:				
Water and Sewer	8,207,616	9,402,791	11,441,475	12,167,702
Solid Waste Disposal	1,545,526	1,568,188	2,054,850	2,391,135
Stormwater/Water Quality	-	-	-	-
Capital grants and contributions	94,932	2,607,471	843,689	714,338
Total revenues	<u>9,848,074</u>	<u>13,578,450</u>	<u>14,340,014</u>	<u>15,273,175</u>
Total Business-type Activities Net Program Expense	<u>(1,329,554)</u>	<u>1,750,476</u>	<u>301,444</u>	<u>(2,956,744)</u>
Other Changes in Net Assets				
Unrestricted grants and contributions	834,441	-	-	-
Investment earnings	191,040	163,541	234,690	355,453
Miscellaneous	1,696	-	150,805	104,131
Transfers	(397,460)	107,872	1,316,668	2,461,530
Total Business-type Activities Change in Net Assets	<u>\$ (699,837)</u>	<u>\$ 2,021,889</u>	<u>\$ 2,003,607</u>	<u>\$ (35,630)</u>
Total Primary Government Change in Net Assets	<u>\$ 1,382,961</u>	<u>\$ 4,703,763</u>	<u>\$ 5,687,954</u>	<u>\$ 4,169,695</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 2, continued.

Fiscal Year		
2007	2008	2009
\$ 13,643,327	\$ 15,624,868	\$ 17,052,896
4,255,197	4,639,604	4,757,063
1,286,133	1,535,692	1,653,473
19,184,657	21,800,164	23,463,432
13,331,854	16,090,217	19,585,091
2,338,256	2,574,942	2,594,445
-	-	2,041,550
1,990,356	2,017,348	1,997,949
17,660,466	20,682,507	26,219,035
(1,524,191)	(1,117,657)	2,755,603
-	-	-
360,044	293,797	111,166
1,183,217	408,870	80,359
2,747,247	3,380,970	3,672,744
\$ 2,766,317	\$ 2,965,980	\$ 6,619,872
\$ 13,621,510	\$ 5,237,984	\$ 14,077,808

City of Jacksonville, North Carolina
Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 5,722,643	\$ 7,250,330	\$ 5,987,978	\$ 7,014,461
Unreserved	6,341,239	6,006,352	8,087,714	7,653,507
Total General Fund	<u>\$ 12,063,882</u>	<u>\$ 13,256,682</u>	<u>\$ 14,075,692</u>	<u>\$ 14,667,968</u>
All Other Governmental Funds				
Reserved	\$ 5,102,140	\$ 6,258,214	\$ 4,614,185	\$ 4,322,823
Unreserved, reported in:				
Capital Reserve Fund	7,824,674	7,578,191	4,854,928	5,149,649
Capital Projects Funds	4,846,848	1,901,572	1,967,547	2,296,107
Special Revenue Funds	234,741	382,770	325,834	643,011
Total All Other Governmental Funds	<u>\$ 18,008,403</u>	<u>\$ 16,120,747</u>	<u>\$ 11,762,494</u>	<u>\$ 12,411,590</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

Table 3

Fiscal Year		
2007	2008	2009
\$ 4,812,557	\$ 7,740,620	\$ 8,668,338
9,965,961	7,513,927	7,323,331
<u>\$ 14,778,518</u>	<u>\$ 15,254,547</u>	<u>\$ 15,991,669</u>
\$ 5,129,315	\$ 4,836,876	\$ 4,355,700
3,058,622	2,139,779	1,378,279
4,169,992	3,912,698	4,547,887
1,173,947	1,026,118	1,899,319
<u>\$ 13,531,876</u>	<u>\$ 11,915,471</u>	<u>\$ 12,181,185</u>

City of Jacksonville, North Carolina
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Revenues:				
Ad valorem taxes	\$ 10,548,669	\$ 10,975,631	\$ 11,436,903	\$ 12,036,716
CATV franchise tax ^a	316,994	351,933	380,125	422,752
Privilege licenses	433,023	441,964	471,796	548,999
Sales tax	8,716,760	11,079,781	12,355,252	13,407,336
Gross receipt on short term vehicle tax	72,801	83,085	78,488	98,316
Unrestricted intergovernmental revenues	2,097,237	2,261,182	1,925,113	2,009,407
Restricted intergovernmental revenues	4,664,964	3,948,670	3,273,205	4,508,753
Permits and fees	414,310	556,963	674,892	640,504
Sales and services	285,607	322,571	328,873	334,488
Investment earnings	393,430	290,558	603,360	801,748
Miscellaneous	413,923	966,217	822,192	778,031
Total revenues	28,357,718	31,278,555	32,350,199	35,587,050
Expenditures:				
General Government	4,637,283	5,161,564	5,758,657	6,098,696
Public Works	3,600,430	4,094,246	4,252,762	4,855,707
Public Safety	10,717,917	11,267,042	12,159,602	12,911,973
Environmental Protection	2,038,075	2,212,569	1,635,529	-
Cultural and Recreational	1,716,071	1,955,361	2,145,325	2,178,718
Economic and Physical Development	1,522,149	840,173	506,973	1,492,097
Capital outlay	4,109,591	5,222,724	6,669,256	3,190,490
Non-capitalized expenditures	-	-	-	-
Debt service:				
Principal retirement	2,075,658	2,427,681	2,533,964	2,334,137
Interest and fees	393,086	450,266	348,277	307,290
Total expenditures	30,810,260	33,631,626	36,010,345	33,369,108
Excess of revenues over (under) expenditure	(2,452,542)	(2,353,071)	(3,660,146)	2,217,942
Other financing sources (uses):				
Debt issued	6,228,263	1,512,804	1,381,252	1,465,372
Sales of capital assets	326,082	252,713	54,722	194,110
Transfers in	4,075,694	5,571,373	5,699,596	5,715,094
Transfers (out)	(3,678,235)	(5,678,675)	(7,014,667)	(8,351,146)
Total other financing sources (uses)	6,951,804	1,658,215	120,903	(976,570)
Net change in fund balances	\$ 4,499,262	\$ (694,856)	\$ (3,539,243)	\$ 1,241,372
Debt service as a percentage of noncapital expenditures	10.2%	11.3%	10.9%	9.6%

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.

^a In FY 2008, the State changed the CATV franchise tax from a local tax to a State tax, with distributions then made to local governments by the State.

Table 4

Fiscal Year		
2007	2008	2009
\$ 13,454,300	\$ 16,375,725	\$ 17,099,462
310,820	32,253	74,583
620,597	649,834	732,655
13,185,671	8,507,654	10,707,904
104,109	114,395	114,171
2,620,232	3,041,423	3,324,395
4,554,837	4,747,278	4,486,987
842,646	814,318	880,573
398,611	516,940	529,362
1,266,126	1,192,808	434,083
804,395	608,948	797,917
38,162,344	36,601,576	39,182,092
5,680,777	5,167,232	5,000,463
5,217,787	4,769,094	4,850,655
13,934,643	15,605,593	17,288,492
-	-	-
2,430,589	5,525,106	3,895,349
515,734	742,766	840,428
7,695,294	908,510	1,313,951
9,312	28,475	446,984
2,061,532	2,066,522	2,019,770
283,915	361,140	311,838
37,829,583	35,174,438	35,967,930
332,761	1,427,138	3,214,162
3,626,081	775,282	1,389,995
187,970	39,133	55,347
9,872,164	5,484,935	6,363,348
(12,788,140)	(8,865,905)	(10,020,016)
898,075	(2,566,555)	(2,211,326)
\$ 1,230,836	\$ (1,139,417)	\$ 1,002,836
8.4%	7.6%	7.2%

Table 5

City of Jacksonville, North Carolina
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Real Property		Personal Property		Less:	Total Taxable Assessed Value	Total Direct
	Residential Property	Commercial Property	Motor Vehicles	Other	Tax-Exempt Real Property		Tax Rate Per \$100
2000	\$ 629,513,995	\$ 385,831,159	\$ 177,455,428	\$ 132,269,457	\$ 3,416,980	\$ 1,321,653,059	0.6230
2001	818,802,311	523,496,560	181,669,464	168,114,632	3,956,410	1,688,126,557	0.5900
2002	863,378,134	529,167,243	195,018,122	180,078,672	4,115,883	1,763,526,288	0.5900
2003	910,958,129	512,413,947	194,432,457	178,429,500	6,222,756	1,790,011,277	0.5900
2004	936,667,645	550,106,394	197,633,131	184,821,035	7,475,104	1,861,753,101	0.5900
2005	984,260,984	553,646,804	203,439,744	203,060,465	7,492,126	1,936,915,871	0.5900
2006	1,081,307,838	508,850,748	232,245,868	218,816,080	7,159,337	2,034,061,197	0.5900
2007	1,348,557,124	723,939,542	236,690,225	221,312,627	9,928,523	2,520,570,995	0.5316
2008	1,405,026,297	757,431,773	252,458,549	250,019,573	10,046,281	2,654,889,911	0.6260
2009	1,430,233,607	820,732,504	270,940,527	254,289,109	11,845,421	2,764,350,326	0.6260

Source: Onslow County Tax Administrator/Collector

Notes: Property in Onslow County is reassessed every five to eight years; the most recent revaluation in 2006 was conducted five years after the previous one. The county assesses property at 100 percent of actual value. Tax rates are per \$100 of assessed value.

Table 6

City of Jacksonville, North Carolina
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year	City Direct Rates			Overlapping Rates	
	Basic Rate	Council-Directed Capital Projects Initiative	Total Direct Rate	Onslow County	Total
2000	0.5830	0.0400	0.6230	0.694	1.317
2001	0.5500	0.0400	0.5900	0.630	1.220
2002	0.5500	0.0400	0.5900	0.690	1.280
2003	0.5500	0.0400	0.5900	0.680	1.270
2004	0.5500	0.0400	0.5900	0.670	1.260
2005	0.5500	0.0400	0.5900	0.670	1.260
2006	0.5500	0.0400	0.5900	0.670	1.260
2007	0.4532	0.0784	0.5316	0.503	1.035
2008	0.5576	0.0684	0.6260	0.503	1.129
2009	0.5476	0.0784	0.6260	0.503	1.129

Sources: City Finance Office and Onslow County Tax Administrator/Collector

Notes:

1. In FY1999, Council earmarked four cents of a seven-cent property tax increase to be used for the Capital Improvement Program (CIP), through which funds would be set aside for future quality of life initiatives.
2. In FY2001, the property tax rate was decreased by 3.3 cents in response to the County's property revaluation in tax year 2000, which resulted in a 21% increase in property values.
3. In FY2007, the property tax rate was decreased by 5.84 cents after the County's 2006 property revaluation that resulted in a 17% increase in property values. Additionally, the amount allocated for Council-directed initiatives was increased by 3.84 cents to pay for 1/2 year of debt service for the planned Public Safety Building. This earmarked amount was reduced for one year in FY2008 to 2.84 cents due to the budget shortfall created by the County's decision to change the tax distribution method from per capita to ad valorem. In FY2009 the earmarked amount was restored to 3.84 cents.

Table 7

City of Jacksonville, North Carolina
Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Crown America Acquisition LP	\$ 37,024,218	1	1.34 %	\$ 20,675,643	1	1.56 %
Carolina Telephone & Telegraph	25,935,284	2	0.94	13,489,637	2	1.02
Jones-Onslow EMC	21,466,732	3	0.78	10,693,775	5	0.81
Jacksonville Commons 2, LLC	19,538,959	4	0.71			
Progress Energy	18,222,651	5	0.66	7,827,717	9	0.59
Walmart Real Estate Business Trust	16,181,715	6	0.59	8,450,802	7	0.64
Puller Place, LLC	15,453,737	7	0.56			
Bailey & Associates, Inc.	14,911,611	8	0.54	12,463,215	3	0.94
G&I VI Liberty Crossing LP	13,559,768	9	0.49			
Marine Federal Credit Union	13,229,705	10	0.48			
United Dominion Realty Trust				10,943,841	4	0.83
Lowes Investment Corp.				8,720,520	6	0.66
New River Associates, LLC				8,091,322	8	0.61
John T. Eagan, Jr.				7,179,275	10	0.54
Total	<u>\$ 195,524,380</u>		<u>7.09 %</u>	<u>\$ 108,535,747</u>		<u>8.20 %</u>

Source: Onslow County Tax Administrator/Collector

Table 8

City of Jacksonville, North Carolina
Property Tax Levies and Collections
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2000	\$ 8,289,972	\$ 8,027,020	96.83 %	\$ 197,985	\$ 8,223,800	99.20 %
2001	10,148,926	9,847,945	97.03	239,295	10,087,240	99.39
2002	10,448,606	10,087,516	96.54	289,845	10,377,361	99.32
2003	10,615,036	10,256,566	96.62	280,955	10,537,521	99.27
2004	11,066,894	10,664,781	96.37	331,313	10,996,094	99.36
2005	11,599,071	11,100,980	95.71	305,142	11,406,122	98.34
2006	12,283,606	11,702,137	95.27	282,689	11,984,826	97.57
2007	13,527,026	13,142,197	97.16	273,151	13,415,348	99.17
2008	16,625,906	16,077,078	96.70	316,393	16,393,471	98.60
2009	17,426,095	16,682,062	95.73	-	16,682,062	95.73

Source: Onslow County Tax Administrator/Collector

Table 9

City of Jacksonville, North Carolina
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Onslow County^a</u>
2000	2.00 %
2001	2.00
2002	2.00
2003	2.00
2004	2.50 ^b
2005	2.50
2006	2.50
2007	2.50
2008	2.50
2009	2.25 ^c

Sources: City Finance Office and Onslow County Finance Office

Notes: The County sales tax rate may be changed only with the approval of the state legislature.

^a The City does not levy a separate sales tax from the County.

^b The County sales tax rate increased to 2.50% effective January 1, 2003.

^c The County sales tax rate decreased to 2.25% effective October 1, 2008.

Table 10

City of Jacksonville, North Carolina
Ratios of Outstanding Debt by Type
 Last Seven Fiscal Years^a

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2003	\$ -	0%	\$ -
2004	-	0%	-
2005	-	0%	-
2006	-	0%	-
2007	-	0%	-
2008	-	0%	-
2009	-	0%	-

Fiscal Year	Other Governmental Activities Debt		Business-type Activities				Debt Per Capita
	Installment Purchase Loans	Sanitary Sewer Revolving Loan	Installment Purchase Loans	Other Loans	Total Primary Government	Percentage of Personal Income ^b	
2003	\$ 12,095,659	\$ 17,085,490	\$ 10,760,114	\$ 297,620	\$ 40,238,883	1.12% %	\$ 589
2004	11,161,778	15,903,262	16,085,346	226,190	43,376,576	1.12%	595
2005	9,750,333	15,401,849	16,263,518	154,762	41,570,462	0.96%	565
2006	8,575,888	14,010,028	16,643,306	83,333	39,312,555	0.80%	538
2007	9,854,478	12,630,112	22,597,001	-	45,081,591	0.87%	606
2008	8,541,633	15,819,637	19,658,452	-	44,019,722	0.77%	569
2009	7,732,789	36,153,493	17,009,765	-	60,896,047	NA	744

Notes:

NA - Data for that year is not available

The City has no outstanding general obligation bonds. Details regarding the City's outstanding debt can be found in the notes to the financial statements (Note 10).

^a Data is not available prior to FY2003.

^b Source: US Bureau of Economic Analysis. See Table 13 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003. Data from previous years may not provide an accurate comparison and therefore is omitted.



Table 11

City of Jacksonville, North Carolina
Direct and Overlapping Governmental Activities Debt
As of June 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ^a	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
Onslow County General Obligation Debt	\$ 104,137,260	24.0%	\$ 24,992,942
Other Debt			
Onslow County Certificates of Participation	70,175,000	24.0%	16,842,000
Onslow County Installment Purchase Loans	15,787,000	24.0%	3,788,880
Onslow County Special Obligation Bonds	10,418,000	24.0%	2,500,320
Onslow County Bonds Authorized but Not Issued	3,780,000	24.0%	907,200
Subtotal, overlapping debt			49,031,342
City direct debt			8,678,903
Total direct and overlapping deb			\$ 57,710,245

Sources: Assessed value data used to estimate applicable percentages provided by the Onslow County Tax Collector/Assessor.
Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Jacksonville. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Onslow County's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value. This approach was also used for Onslow County's installment purchase, loan, and other debt. The percentage of overlapping debt is based on the June 30, 2009, assessed valuation of the County of Onslow (\$11,516,307,000) as compared to the June 30, 2009, assessed valuation of the City of Jacksonville (\$2,764,350,326).

City of Jacksonville, North Carolina
Legal Debt Margin Information
Last Seven Fiscal Years^a

	Fiscal Year			
	2003	2004	2005	2006
Debt limit	\$ 143,200,902	\$ 148,940,248	\$ 154,953,270	\$ 162,724,896
Total net debt applicable to limit	<u>12,095,656</u>	<u>11,161,778</u>	<u>9,845,590</u>	<u>10,419,924</u>
Legal debt margin	<u>\$ 131,105,246</u>	<u>\$ 137,778,470</u>	<u>\$ 145,107,680</u>	<u>\$ 152,304,972</u>
Total net debt applicable to the limit as a percentage of debt limit	8.4%	7.5%	6.4%	6.4%

Note: Under state finance law, the City's outstanding general obligation debt may not exceed eight percent (8%) of total assessed property value. The City has no outstanding general obligation bond debt. Solid Waste Fund debt is included in the installment purchases total above since the Solid Waste Fund debt is serviced by the General Fund.

^a Data for previous years is not available

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 2,764,350,326
Debt limit (8% of assessed value)	221,148,026
Debt applicable to limit:	
Installment purchase	8,678,903
Total net debt applicable to limit	8,678,903
Legal debt margin	\$ 212,469,123

Fiscal Year		
2007	2008	2009
\$ 201,645,680	\$ 212,391,193	\$ 221,148,026
11,003,772	9,714,850	8,678,903
\$ 190,641,908	\$ 202,676,343	\$ 212,469,123
5.5%	4.6%	3.9%

Table 13

City of Jacksonville, North Carolina
Demographic and Economic Statistics
 Last Ten Calendar Years

Fiscal Year	(1) Population^a	(2) Personal Income^a (in thousands)	(2) Per Capita Personal Income^a	(1) Median Age^a	(3) School Enrollment^b	(4) Unemployment Rate Percentage^c
2000	65,173	\$ 3,437,230	\$ 22,900	25.19 (5)	25,453	4.8 %
2001	66,715 (6)	3,607,640	24,362	22.40 (6)	24,867	5.4
2002	66,176	3,580,321	23,910	24.70	25,656	7.0
2003	68,357	3,874,134	25,579	23.96	26,236	7.4
2004	72,873	4,344,447	28,104	23.75	26,529	6.1
2005	73,531	4,881,345	30,715	23.98	27,213	6.1
2006	73,121	5,156,938	32,051	22.10 (7)	22,283	4.7
2007	74,433	5,752,998	35,222	22.40	22,787 (8)	5.1
2008	77,301	NA	NA	NA	22,840 (8)	6.0
2009	81,873	NA	NA	NA	23,361 (8)	8.8

Sources:

(1) NC Office of State Planning - State Demographer. Population figures are as of July 1 of the fiscal year.

(2) US Department of Commerce, Bureau of Economic Analysis

(3) Onslow County Board of Education

(4) US Dept of Labor, Bureau of Labor Statistics

(5) Woods and Poole Annual County Profile

(6) US Census Bureau

(7) American Community Survey, US Census Bureau

(8) NC Department of Public Instruction (www.dpi.state.nc.us)

NA - Data not available

Notes:

^a Population, personal income, and median age information is based on surveys conducted during the last quarter of the calendar year. Population includes portions of Marine Corps Base Camp Lejeune that were annexed in 1990. Personal income and per capita personal income figures are for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

^b From FY2006 forward, school enrollment is based on a census of membership at the end of the school year (last day membership). Previous years' numbers were the actual enrollment during the school year; students who transferred schools during the academic year were counted more than once. The apparent drop in enrollment from FY2005 to FY2006 is caused by the more accurate method of counting enrollment in FY2006, and does not reflect a drop in the number of students in the Onslow County school system.

^c Unemployment rate information is as of June 30th. The State and local rates reflect revised inputs, reestimation, and new Statewide controls through 2006.

Table 14

City of Jacksonville, North Carolina
Principal Employers, Current and Prior Year

Employer	2009			2008			
	Employees ^a	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment	
Onslow County Board of Education	1,000+	1	See %	1,000+	1	See %	
Department of Defense (civilian employees)	1,000+	2	below	1,000+	2	below	
Camp Lejeune Marine Corps Community Services	1,000+	3		1,000+	3		
Onslow Memorial Hospital	1,000+	4		1,000+	5		
Wal-Mart Associates, Inc.	1,000+	5		500-999	6		
Onslow County Government	1,000+	6		1,000+	4		
Coastal Carolina Community College	500-999	7		500-999	7		
Convergys Customer Management Group	500-999	8		250-499	11		
City of Jacksonville	500-999	9		250-499	9		
Food Lion, LLC	250-499	10		250-499	10		
McDonald Restaurants of NC, Inc.	250-499	11		250-499	12		
Coastal Enterprises of Jacksonville	250-499	12		250-499	13		
PRC	250-499	13		500-999	8		
Lowes Home Centers, Inc.	250-499	14		250-499	-		
Marine Federal Credit Union	250-499	15		250-499	14		

Source: NC Employment Security Commission. Data is for the Jacksonville Metropolitan Statistical Area (MSA), which includes Onslow County.

Notes:

^a Actual number of employees is not available; therefore, the range/ranking provided by the Employment Security Commission is used.

^b Includes civilian employees at the Marine Corps Base Camp Lejeune, New River Air Station, and Camp Johnson.

Employment by Industry Category

Because only ranges are available, the percentage of total City employment cannot be calculated for each employer. To give an idea of the impact the Marine Corps installations and other government agencies have on the local economy, the following table from the NC Employment Security Commission is provided. The high percentage (28.88%) of government employment at all levels contributes to an extremely stable economy for Jacksonville and Onslow County.

Industry	No. of Units	Annual Average		Average Weekly Wage
		Employment	Percentage	
Total Federal Government	34	5,494	11.96 %	\$ 783.00
Total State Government	24	1,045	2.27	580.00
Total Local Government	19	6,729	14.65	698.00
Total Private Industry	2,844	32,674	71.12	460.00
Total All Industries	2,921	45,942	100.00 %	\$ 630.25



Table 15

City of Jacksonville, North Carolina
Full-Time City Government Employees by Function/Program
Last Ten Fiscal Years

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General government:										
Mayor and Council	7	7	7	7	7	7	7	7	7	7
City Manager	6.5	6	6	6	5	5	5	5	5	5
Community Programs	-	-	-	-	-	-	-	1	2	2
Legal	-	-	-	1	1	1	1	1	1	1
Human Resources	5	5	3	3	5	5	5	5	5	5
City Clerk	2	2	1	1	2	2	3	3	3	3
Finance	17	17	20	20	19	19	20	22	22	23
Planning	7	7	5	5	6.3	6.5	6.5	8.3	10	8
Transportation	2	2	2	2	1.5	1.5	2.5	2.6	2.1	2.1
Public Safety:										
Police (Note 1)	130	130	130	128	130	130	131	132	-	-
Sworn									113	115
Non-sworn									26	26
Fire (Note 1)	72	72	72	72	75	75	75	75	-	-
Firefighters									73	79
Administrative Support									2	2
Building Inspections	10	10	11	11	11.2	12	12	12.1	12	11
Code Enforcement										3.8
Public Works:										
Administration	2	2	1.5	1.1	1.1	1.1	1.1	1.6	1.4	0.4
Engineering	3	3	4	4	4.5	4.5	4.5	3.6	4	4.5
Facilities Maintenance	20	20	13	13	13	13	13	13	13	15
Streets	31	31	31	31	31	30	30	22	22	22
Recreation and Parks	11	12	20	19	19	20	20	22	23	25
Water/Sewer Operations:										
Administration	2	2	2.5	2.9	2.9	2.9	2.9	3.4	3.6	2.6
Engineering	6	6	4	4	4.5	4.5	7.5	8.2	8.6	10.1
Metering	7	7	7	7	7	7	7	7	7	7
Utilities Maintenance	12	12	20	20	20	21	22	22	22	25
Water Supply	8	8	6	6	6	6	6	6	6	12
Wastewater	17	18	12	12	12	12	12	12	12	15
Stormwater/Water Quality	-	-	-	-	2	2	2	3	3	4
Streets/Stormwater Drainage	-	-	-	-	-	-	-	15	15	15
Sanitation/Solid Waste Disposal	41	41	41	41	41	41	41	41	41	41
Fleet Maintenance	7	7	7	7	8	8	8	8	9	9
City Hall Maintenance	1	1	1	1	1	1	1	1	1	2
Info Technology Services	5	6	8	9	9	10	10	10.1	11.1	12.1
Video/Media Services	-	-	-	-	-	1	2	2	2	2
Community Development	4.5	4	4	4	4	4	4	4	4	3.2
E-911 (Note 2)	-	-	-	-	-	-	-	0.1	0.2	0.2
TOTAL	436	438	439	438	449	453	462	479	492	520

Source: Finance Department

Note 1: In FY2008, reporting for Police and Fire personnel was changed to reflect sworn/non-sworn Police personnel, and firefighters and administrative support Fire Department personnel.

Note 2: E-911 funds 20% of a GIS Specialist position, with the remaining 80% charged to Planning (10%), ITS (10%), and Utilities Engineering (60%).

Note 3: Several positions are split between departments or funds, which accounts for the decimal numbers in various departments.

City of Jacksonville, North Carolina
Operating Indicators by Function/Program
Last Nine Fiscal Years^a

Function/Program	2001	2002	2003	2004	2005	2006
General government						
Building permits issued (Note 1)	609	774	615	865	810	996
Number of residential units (Note 2)	508	363	275	369	404	385
Number of commercial units (Note 2)	15	24	29	50	25	25
Building inspections conducted (Note 1)	12,325	14,816	16,358	18,345	21,110	21,297
Business privilege licenses issued	3,324	3,319	3,344	3,523	3,694	4,321
Business privilege license collections (Note 3)	383,584	411,789	426,563	444,496	476,033	539,458
Zoning inspections conducted (Note 4)	NA	1,693	1,097	1,910	2,139	2,122
Police						
Physical arrests (Note 5)	2,013	2,170	2,076	2,211	2,320	2,409
Traffic citations	11,373	8,175	4,993	10,356	10,074	12,399
Calls for service	70,482	70,020	69,536	78,215	78,874	85,414
Priority 1 response time (minutes/seconds)	6:25	6:49	6:30	6:42	6:40	7:31
Fire						
Emergency responses	1,934	1,854	2,097	2,375	2,319	2,260
Fires extinguished	195	205	205	195	178	184
Fire inspections conducted	668	995	843	1,081	1,227	1,093
Calls for service	NA	NA	NA	NA	NA	NA
Public Works						
Potholes repaired	1,467	1,778	2,064	2,269	1,148	3,154
Total street miles swept	4,250.8	4,669.9	3,553.7	8,189.4	5,450.0	2,301.5
Recreation and Parks						
Youth baseball/softball registrations	NA	NA	NA	741	858	923
Senior citizen program registrations	NA	NA	NA	454	593	457
Water						
Avg daily consumption (thousands of gallons)	3,805	3,854	3,956	4,027	4,484	4,825
Number of utility accounts	12,683	12,683	14,085	14,456	14,709	14,813
Wastewater						
Avg daily sewer treatment (thousands of gallons)	4,942	4,488	5,141	5,411	5,044	5,242
Solid Waste Disposal						
Refuse collected (residential/commercial tons/wk)	621.99	596.96	629.31	661.61	664.16	675.62
Yard waste collected (tons per week)	40.58	65.16	76.53	88.56	112.11	111.21
Recyclables collected (tons per fiscal year)	696.65	712.95	749.24	763.04	821.75	887.59
Stormwater						
Drainage ditches maintained (miles)	25.6	60.2	NA	NA	NA	41.1
Transportation						
Jacksonville Transit System ridership (monthly average) (Note 6)	NA	120	310	573	810	965

Source: City departments

Notes:

^a Data is not available prior to FY2001.

NA - Data not available

Note 1: The number of building permits issued includes only those issued for structures (single- and multi-family homes, mobile homes, commercial buildings, additions, and schools), and Certificate of Occupancy permits. It does not include swimming pools, signs, demolitions, and electrical, mechanical, and plumbing permits; however, these categories are included in the total for building inspections conducted.

Note 2: The number of residential and commercial units does not correspond to the building permits issued because 1) building permits includes additions/alterations and Certificates of Occupancy, and 2) only one permit is issued for multi-family (apartment) buildings with multiple units.

Note 3: The significant gain from FY2006 to FY2007 was due to changing business license fees to a gross receipts basis.

Note 4: FY2001-06 are reported by calendar year. Effective FY2007, number will be reported by fiscal year to be consistent with other categories.

Table 16

2007	2008	2009
924	867	675
318	240	225
29	49	58
17,947	14,680	12,371
4,049	3,863	4,356
607,299	649,834	704,057
2,749	1,993	2,677
2,461	2,902	2,622
14,114	18,746	18,637
96,214	99,658	98,458
6:47	6:28	6:32
2,283	2,407	2,541
229	180	181
1,361	1,179	1,164
NA	5,089	6,425
2,243	2,438	2,509
2,729.6	2,813	3,147
934	853	869
540	615	488
4,810	3,952	3,991
15,478	15,715	16,066
5,498	4,549	3,990
669.20	650.37	622.0
95.89	92.42	94.51
1,124.0	1,427.0	1,557.0
59.0	47.7	71.0
1,306	1,937	3,936

Notes (continued):

Note 5: Arrest data prior to FY2008's report reflected the number of charges rather than the number of physical arrests. The data has been corrected as of FY2008's report to show the actual number of individual arrests.

Note 6: The Jacksonville Transit System began operation in November 2007 with more vehicles and routes, using Federal Transit System Section 5307 grant and local match funds. Prior to that time, the local transit system, the LOOP, used one 9- to 12- person van that ran along a fixed, circular route. FY2008 numbers reflect LOOP ridership from July 2007 to October 2008, and Transit System figures for the remainder of the year. Because the Transit System is much more extensive than the LOOP was, the average for FY2008 reflects 2,905 riders per day for the Transit System versus 1,322 for the LOOP. The Transit System also provides limited service to the Marine Corps bases.

City of Jacksonville, North Carolina
Capital Asset Statistics by Function/Program
Last Nine Fiscal Years^a

Function/Program	2001	2002	2003	2004	2005	2006
General government						
Area (square miles)	NA	NA	43.19	43.62	43.71	44.62
Land/Buildings (dollars)	12,154,286	12,144,272	12,268,323	12,360,798	17,435,277	18,355,699
Police						
Stations	1	1	1	1	1	1
Police vehicles (Note 1)	122	141	145	121	137	123
Fire						
Stations	4	4	4	4	4	4
Fire Engines	9	9	9	9	9	9
Public Works						
Streets (miles) (Note 2)	165.64	166.37	166.37	167.16	168.99	170.41
Sidewalks (miles) (Note 3)	30.56	31.57	31.57	33.21	35.91	41.01
Recreation and Parks						
Parks (Note 4)	16	16	20	20	20	23
Acreage	228.0	228.0	262.4	262.4	262.4	294.23
Playgrounds	13	13	15	15	15	15
Athletic fields	16	18	20	20	25	25
Recreation centers	4	4	4	4	4	4
Water						
Water mains (miles)	201.00	202.63	204.50	205.45	207.80	209.48
Pump stations	38	38	38	38	39	39
Fire hydrants	1,697	1,818	1,857	1,917	1,967	1,989
Storage capacity (mil gallons)	2.8	2.8	2.8	2.8	2.8	3.9
Wastewater						
Sanitary sewers (miles)	198.42	200.48	201.83	202.56	204.57	206.5
Storm drainage ditches (miles)	NA	NA	NA	NA	NA	100.0
Treatment capacity (mgd)	6.0	6.0	6.0	6.0	6.0	6.0
Solid Waste Disposal						
Sanitation trucks	12	12	12	12	12	12
Other sanitation vehicles (Note 5)	7	7	7	7	7	7

Source: City departments

Notes:

^a Data is not available prior to FY2001.

NA indicates data is not available.

(1) The FY2002, FY2003, FY2005 and FY2008 numbers of police vehicles include surplus vehicles not yet sold.

(2) Street mileage includes those streets within the City limits that are maintained by the NC Department of Transportation (32.03 miles).

(3) In prior years, sidewalks were measured using the street's center line measurement. This has been corrected for FY2008 to reflect actual mileage of sidewalks on both sides of the streets.

(4) Recreation parks and acreage for FY 2006 included 3 proposed parks totaling 31.85 acres. The then-existing 20 parks comprised 262.4 acres. Adjustment in FY2007 is due to obtaining more accurate GIS data.

(5) Other sanitation vehicles include two boom trucks, three dial-a-trucks, and two pickup trucks.

Table 17

2007	2008	2009
45.15	45.30	46.38
19,370,518	19,760,511	22,262,655
1	1	1
118	143	128
4	4	4
9	9	9
173.73	174.87	179.16
43.65	159.84	153.09
23	23	23
292.57	292.57	292.57
15	15	15
25	25	25
4	4	4
273.59	275.00	278.00
39	39	40
2,057	2,133	2,181
3.9	3.9	3.9
247.13	245.00	248.00
100.0	129.00	85.00
6.3	6.6	6.6
11	11	12
7	7	7



COMPLIANCE SECTION

The Compliance Section contains various schedules and Auditor opinions reflecting Federal, State and Local matching participation in various projects and programs of the City. The Single Audit Amendments Act of 1996 established audit requirements for State and Local governments that receive Federal assistance. The audit requirements were established to ensure that audits are conducted on an organization-wide basis, rather than on a grant-by-grant basis.

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on
an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Jacksonville, North Carolina, as of and for the year ended June 30, 2009, which collectively comprise City of Jacksonville's basic financial statements, and have issued our report thereon dated October 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Jacksonville's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jacksonville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the City of Jacksonville in a separate letter dated October 21, 2009.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, federal and State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 21, 2009

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report on Compliance
With Requirements Applicable to Each Major Federal Program
and on Internal Control Over Compliance in Accordance With
OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

Compliance

We have audited the compliance of City of Jacksonville, North Carolina, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major federal programs for the year ended June 30, 2009. City of Jacksonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the State Single Audit Implementation Act. Those standards, OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, federal awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 21, 2009

McGladrey & Pullen

Certified Public Accountants

**Independent Auditor's Report
on Compliance With Requirements Applicable
to Each Major State Program and on Internal Control
Over Compliance in Accordance With Applicable Sections
of OMB Circular A-133 and the State Single Audit Implementation Act**

To the Honorable Mayor and
Members of the City Council
City of Jacksonville, North Carolina

Compliance

We have audited the compliance of City of Jacksonville, North Carolina, with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that are applicable to each of its major State programs for the year ended June 30, 2009. City of Jacksonville's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major State programs is the responsibility of City of Jacksonville's management. Our responsibility is to express an opinion on City of Jacksonville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; applicable sections of OMB Circular A-133 as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, applicable sections of OMB Circular A-133, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major State program occurred. An audit includes examining, on a test basis, evidence about City of Jacksonville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Jacksonville's compliance with those requirements.

In our opinion, City of Jacksonville complied, in all material respects, with the requirements referred to above that are applicable to each of its major State programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of City of Jacksonville is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to State programs. In planning and performing our audit, we considered City of Jacksonville's internal control over compliance with requirements that could have a direct and material effect on a major State program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jacksonville's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a State program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a State program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a State program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a State program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Mayor, members of the City Council, management, State awarding agencies, pass-through entities and the North Carolina Department of the State Treasurer and is not intended to be and should not be used by anyone other than these specified parties.

McGladrey & Pullen, LLP

Morehead City, North Carolina
October 21, 2009

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2009

Section 1. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X None reported

Noncompliance material to financial statements noted

_____ yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

_____ yes X No

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009

Identification of major federal programs:

CFDA #	Program Name
66.468	Capitalization Grants for Drinking Water State Revolving Fund
66.458	Capitalization Grants for Clean Water State Revolving Fund
14.218	Community Development Entitlement

Dollar threshold used to distinguish
between Type A and Type B Programs

\$ 935,970

Auditee qualified as low-risk auditee?

X Yes no

State Awards

The only major State programs for the City are the Capitalization Grants for Drinking Water State Revolving Fund and Clean Water State Revolving Fund which are State matches on federal programs. Therefore, these programs have been included in the list of major federal programs above.

City of Jacksonville, North Carolina

Schedule of Findings and Questioned Costs (Continued)
For the Fiscal Year Ended June 30, 2009

Section 2. Financial Statement Findings

None

Section 3. Federal Award Findings and Questioned Costs

None

Section 4. State Award Findings and Questioned Costs

None

City of Jacksonville, North Carolina

**Corrective Action Plan
For the Fiscal Year Ended June 30, 2009**

Section 2. Financial Statement Findings

No corrective action plan is required in the current year.

Section 3. Federal Award Findings and Questioned Costs

No corrective action plan is required in the current year.

Section 4. State Award Findings and Questioned Costs

No corrective action plan is required in the current year.

City of Jacksonville, North Carolina

**Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2009**

There are no prior audit findings (as that term is defined in OMB Circular A-133) that require reporting in this schedule.

City of Jacksonville, North Carolina

**Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2009**

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
FEDERAL AWARDS					
US Department of Housing & Urban Development					
Direct Program:					
Community Development Entitlement	14.218	B-99MC370014	(M) \$ 502,756	\$ -	\$ 15,524
US Department of Justice					
Direct Program:					
Bulletproof Vest Program	16.607		4,893	-	8,151
Weed and Seed Grant	16.595		186,514	-	463
Pass through: Onslow County Board of Education					
School Resource Officer	16.592		247,566	-	75,645
Total US Department of Justice			438,973	-	84,259
US Department of Transportation					
Direct Program:					
Federal Transit Formula Grants (Urbanized Area Formula Program)	20.507		528,126	25,361	252,267
Pass through: NC Department of Transportation					
104-F Transportation Grant	20.205		283,237	-	70,679
Total US Department of Transportation			811,363	25,361	322,946
US Department of Homeland Security					
Direct Program:					
SAFER Grant	97.083		36,393	-	40,092
US Environmental Protection Agency					
Pass through: NC Department of Environment and Natural Resources					
Public Water Supply Division					
Drinking Water State Revolving Fund	66.468	(M)	17,534,272	4,383,568	-
Water Quality Division					
Clean Water State Revolving Fund	66.458	(M)	12,036,778	3,009,195	-
Total US Environmental Protection Agency			29,571,050	7,392,763	-

City of Jacksonville, North Carolina

Schedule of Expenditures of Federal and State Awards (Continued)
For the Fiscal Year Ended June 30, 2009

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State Pass-Through or Grantor's Number	Expenditures		
			Federal Direct and Pass-Through	State	Local
STATE GRANTS (all direct):					
NC Department of Crime Control and Public Safety					
Division of Governor's Crime Control					
Victim's Assistance			\$ -	\$ 19,260	\$ 6,653
Gang Enforcement Prevention Interdiction			-	26,918	8,973
Total NC Department of Crime Control and Delinquency Prevention			-	46,178	15,626
NC Department of Juvenile Justice and Delinquency Prevention					
Juvenile Transportation Grant		N/A	-	200	-
NC Department of Transportation					
Nonstate System Street Aid Allocation			-	2,005,752	-
State Maintenance Assistance Program		N/A	-	152,709	152,709
Section 5305 Grant		N/A	-	24,507	2,723
Total NC Department of Transportation			-	2,182,968	155,432
NC Department of Environment and Natural Resources					
NC Coastal Management Program					
Public Beach and Coastal Access		N/A	-	29,748	-
Division of Environmental Health					
State Aid for Mosquito Control		N/A	-	42,416	44,267
Total NC Department of Environment and Natural Resources			-	72,164	44,267
NC Department of Cultural Resources					
NC Arts Council					
Grassroots Arts Program		N/A	-	2,405	-
e-NC Authority					
PEG Channel Grant		N/A	-	24,870	24,870
Total federal expenditures			\$ 31,360,535		
Total State expenditures				\$ 9,746,909	
Total local expenditures					\$ 703,016

(M) Indicates major federal program.

City of Jacksonville, North Carolina

Notes to the Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of City of Jacksonville, North Carolina and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the *State Single Audit Implementation Act*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2. Outstanding Loans

The City of Jacksonville has outstanding loan balances from federal and State funding sources that are not required to be presented within the Schedule of Expenditures of Federal and State Awards because there are no continuing requirements beyond repayment of the loan balances in accordance with loan agreement provisions.